

## China Dismisses Culture Minister Zhao Ally's Removal Seems Aimed at Reining In Arts

By David E. Sanger

BEIJING — The Chinese government said Monday night that it had dismissed its culture minister, Wang Meng, a well-known Chinese novelist who had been exiled during the Cultural Revolution and whose rise to government power three years ago had been hailed as a sign of renewed literary freedom.

Mr. Wang is the highest-ranking government official to be deposed since the military crackdown on the student democracy movement in June, and since China began an active campaign against the "bourgeois liberalism" of the West. Just before the crackdown, Zhao Ziyang, the general secretary of the Communist Party, was removed for sympathizing with the student protesters.

Mr. Wang, 54, was recently removed to be ill and out of Beijing. He was replaced by He Jizai, a poet who had been a high-ranking official in the propaganda department of the Communist Party. His appointment appears to signal a further campaign to keep a firm hand on books, plays, films, painting and virtually every other sphere of the arts, all of which fall under the culture minister's control.

The official Chinese press said outright that Mr. Wang had been dismissed, but Chinese television also said that he had "repeatedly asked to be relieved of his official posts to concentrate on his writing."

Although that could not be independently confirmed, in 1986 Mr. Wang had resisted his appointment as minister but acceded when the



Wang Meng

leadership decided his appointment would signal its intention to follow far more relaxed policies.

Mr. Wang has long been a powerful symbol in China. He was deposed in 1977 in the party's anti-rightist campaign because of a short story he had written. The story, called "The Newcomer in the Organization Department," was about apathetic party cadres in an inefficient factory after the triumph of the revolution in 1949.

Accused of writing "destructive, anti-party, anti-socialist work," he was assigned to manual labor on a farm outside of Beijing. He was briefly reprieved, and then persecuted again as the Cultural Revolution was beginning in the middle 1960s. He was then banished for 16

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## A Fugitive Reform Leader Describes Power Struggle

By Jim Hoagland

PARIS — One of the leading figures in China's economic reform movement has emerged from three months of hiding to call for an international campaign to bring down the government officials who ordered the June killings of demonstrators in Beijing's Tiananmen Square.

Chen Yizi, an influential adviser to the deposed leader, Zhao Ziyang, said that hard-line forces in the Chinese government had provoked the June 3-4 military action against student demonstrators as a way of gaining control over the divided Communist regime and putting an end to Mr. Zhao's reform program, which sought to change China's socialist, centralized economy to one that responds to market forces.

Mr. Chen, who is the most senior Chinese official known to have escaped to the West from Beijing and the campaign of executions, arrests and political intimidation that began after the assault, spoke Sunday in the first interview he has given since fleeing China. A party member since 1959, he resigned after the killings.

He said that the popular student-led demonstrations for democracy last spring brought to a head a two-year-old power struggle within the Politburo over the future of reform.

Mr. Chen said that the hard-liners, led by Prime Minister Li Peng and a party elder, Chen Yun, began to demand military action against the demonstrators in late April but were resisted by Mr. Zhao until a climactic Politburo meeting on May 17, when Mr. Zhao was forced to resign as gen-

eral secretary of the Communist Party.

Mr. Chen, 49, said he had learned about that time that China's much-feared Public Security Bureau had placed him on a list as a "counterrevolutionary" and that someone had started to follow him. With the help of friends, he left Beijing on June 5. He would provide no details of his escape, of how he came to France or of where he has been for the past three months.

For the past decade, Mr. Chen headed China's Institute for Economic Structural Reform, one of three influential think tanks Mr. Zhao established in Beijing. The institutes developed and guided the ground-breaking reforms that introduced market incentives in light industry and agriculture, bringing significant increases in per capita income to China's peasants and many factory workers.

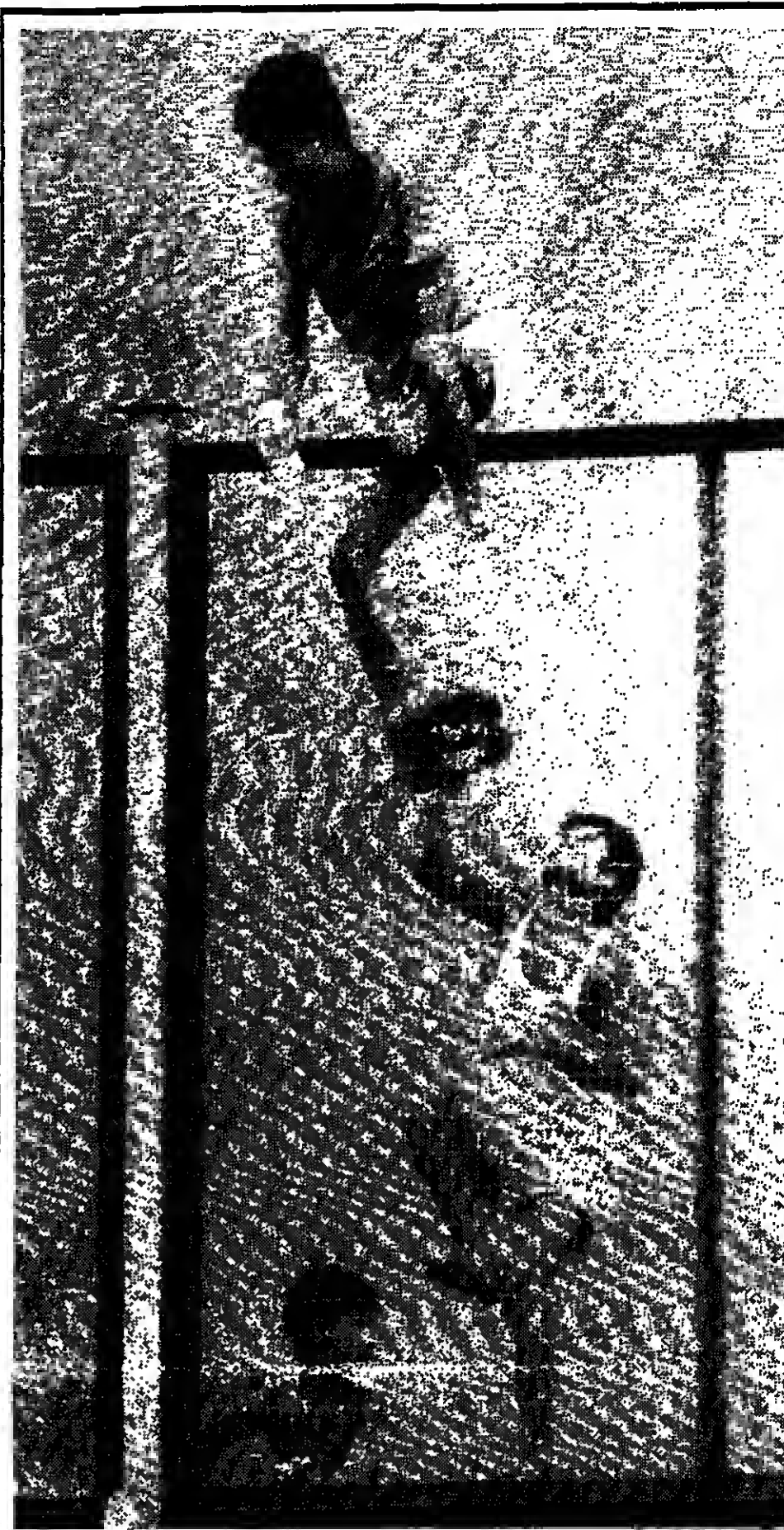
Mr. Chen worked closely with Mr. Zhao, who is reported to be under house arrest, and with Bao Tong, a senior reform official who was jailed May 28. At least 14 members of Mr. Chen's institute have been reported by Chinese exiles to have been arrested.

Concern for his own safety and that of his associates still in China appears to have caused Mr. Chen to wait until now to reveal publicly that he had escaped to the West.

He said he has tape-recorded more than 100 hours of discussions on sensitive matters "of recent history" that would be released if anything happens to him.

The Front for a Democratic China that he is organizing will be headquartered in Paris and will ap-

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## Vietnamese Refugees Seek Freedom in Hong Kong

Vietnamese refugees climbing up and over a 17-foot fence Monday at a makeshift detention center of tents along a runway at a disused Hong Kong military airstrip. The cramped Sek Kong facility, housing 7,000 refugees, saw weekend rioting that left two persons dead and 25 injured. The police regained control, and a sweep by soldiers with metal detectors uncovered a number of weapons.

## Refugee Exodus In Doubt

### Hungarian Says 2 Germanys Must Agree on Terms

Compiled by Our Staff From Dispatches

BONN — Hungary will refuse to allow thousands of East German visitors to leave for West Germany until Bonn and East Berlin reach an agreement on the refugee crisis, according to Interior Minister Istvan Horvath of Hungary.

Finding a solution to the refugee problem could take four to six weeks, he said in an interview with the magazine Stern that was distributed Monday before its publication.

"West Germany must first negotiate and come to an understanding with East Germany," Mr. Horvath told the West German weekly. "It is not Hungary's task."

In the East German city of Leipzig, secret police routed a demonstration by several hundred citizens seeking emigration.

The East Germans massed before a city landmark, the Nikolai Church, chanting "We want out" and "We want a new government."

Within moments, plainclothes security policemen charged into the crowd, wrestling many demonstrators to the ground and hustling an undetermined number away.

The demonstration coincided with the huge Leipzig Trade Fair, which brings thousands of foreigners to the city.

Stern said the interview with the Hungarian Interior Minister took place last week, but it added that the ministry in Budapest reaffirmed the comments Monday. A Foreign Ministry spokesman in Bonn said he knew of no change in Budapest's position.

Hungary's principal leader, Rezső Nyers, was reported to have told a West German official last week that all the East Germans who wanted to leave Hungary for West Germany would be able to do so.

But a well-placed Hungarian official, speaking on condition of anonymity, told The Associated Press on Monday that his government was reluctant to authorize the mass transport to West Germany until it could placate its angry allies in East Berlin.

He said there was a need for further talks with East Germany.

About 5,000 East Germans are waiting in camps in Budapest and at Lake Balaton for permission to leave, according to West German officials.

Mr. Horvath confirmed that Budapest expected that up to 15,000

See REFUGEE, Page 2

## Tutu Held as Police and Protesters Clash

Compiled by Our Staff From Dispatches

JOHANNESBURG — Police used tear gas, bullets and clubs Monday to disperse demonstrations against national elections that exclude blacks.

Archbishop Desmond M. Tutu and other black leaders were arrested and later released.

Clashes between anti-apartheid protesters and police were reported at banned gatherings in Durban and Cape Town.

In Cape Town, police drove an armored truck up to the door of the Central Mission Methodist Church where people had gathered to hold an anti-election rally.

Among the persons detained were Archbishop Tutu, the Anglican archbishop who won the 1984

Nobel Peace Prize for his anti-apartheid efforts.

Police reported they had also arrested the Reverend Allan A. Boesak, the mixed-race president of the World Alliance of Reformed Churches, for taking part in an illegal gathering.

There was no immediate police comment on Archbishop Tutu's arrest.

Police arrested journalists covering the events and were seen beating people. The journalists were also released.

In Durban, about 2,500 students at the multiracial University of Natal defied a police ban on an anti-election rally and gathered to protest.

Police arrested 18 people after firing on the crowd with tear gas

and live ammunition, witnesses said.

They said 10 people were hurt during a stampede to escape. It was unclear if they were wounded by gunfire.

In a similar rally at the nearby University of Durban-Westville, eight people were arrested when police swinging batons and firing tear gas dispersed 500 students at a banned demonstration.

In Johannesburg, anti-apartheid demonstrators staged a sit-down protest outside Johannesburg city hall, venue of acting President Frederik W. de Klerk's last public meeting before an election that is almost certain to return his ruling National Party to power.

The 50 protesters dispersed peacefully when police arrived and

ordered them to leave the area under emergency laws.

Inside the hall, Mr. de Klerk repeated his party's pledge that apartheid in its current form would be banished during his coming term of office.

"Discrimination must be eliminated," he told the rally. "That is fair. There is no other alternative." But he confirmed the path of separate development for South Africa's races by pledging that no one group would dominate.

Militant trade unions, representing more than one million black workers, are organizing a two-day strike for Tuesday and polling day.

Trade unionists said hundreds of thousands of workers, mainly in the industrial heartland around Johannesburg, are expected to support the strike call. (AP, Reuters)

### Kiosk

#### Poles Shuffle Military Chiefs

WARSAW (AP) — President Wojciech Jaruzelski of Poland carried out a broad reshuffle of senior military officers Monday, replacing the commander in chief of the air force and three regional commanders, the official news agency PAP said. The report said the move was aimed at bringing younger faces into the top ranks.

Brigadier General Jerzy Gbowski was named commander in chief of the armed forces and four generals were promoted. The regional commands affected were Pomerania, in the north; Silesia in the southwest and Warsaw itself.

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Hun Sen, the Cambodian prime minister, says he can no longer reach a power-sharing accord with Prince Sihanouk. Page 6.

General News  
Senator Sam Nunn urged joint action to leapfrog U.S.-Soviet impasses in arms talks. Page 2.

Business/Finance  
Swab-Scania of Sweden, hit by auto losses, is holding talks with Ford Motor Co. Page 9.

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There were nonaligned tensions as Yugoslav security men tangled with a female bodyguard of Colonel Moammar Gadhafi during a dispute over her credentials to enter the Belgrade meeting.

## Nonaligned Nations Press Neutrality

By Henry Kamm

BEGRAD — The nonaligned countries, which founded their movement here 28 years ago, returned to the Yugoslav capital Monday for their ninth conference of heads of state.

The 102 members — 100 countries and two liberation organizations — gathered in their first return to this country in a spirit that Yugoslavia believes marks a swing back to the neutral stance between the two great power blocs that the group's founders envisaged.

The movement was brought to

life in 1961 largely by Josip Broz Tito of Yugoslavia, Gamal Abdel Nasser of Egypt and Jawaharlal Nehru of India.

Increasingly in their summit conferences, which take place generally at three-year intervals, the non-aligned leaders had taken strongly anti-American and anti-Western positions and spared the Soviet Union and its communist allies.

In drafting the policy declaration that the conference will issue at its close on Thursday, Yugoslav diplomats have succeeded in gaining the acquiescence of the movement to

views that mark a distinct departure.

The draft has passed the hurdle of the meeting of foreign ministers that preceded the summit session, and Yugoslav officials are optimistic that no significant changes will mar their efforts.

The paper, as amended by the ministers and made available to the New York Times, contains no critical mention of the United States. In its two main references to America, the movement records its satisfaction over cooperation between the United States and the

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## Azerbaijan Group Strikes for Autonomy

By David Remnick

BAKU, U.S.S.R. — A general strike Monday led by the Azerbaijani Popular Front shut down many stores and factories and the docks along the Caspian Sea.

But it was clear that the Azerbaijanis, who are campaigning for greater autonomy from Moscow and an end Moscow's temporary rule over the nearby Nagorno-Karabakh Autonomous Region, had not achieved the unity and organization evident among independent political groups in the Baltic states.

Leaders of the Popular Front

seemed embarrassed as they drove around the Azerbaijani capital in a van with foreign reporters and discovered that many more laborers had gone to work than the strike's organizers had hoped. Many buses and trolley cars were also running.

In the republic of Moldavia, workers have shut down more than 200 enterprises in a prolonged strike protesting the republic's new language law. The law makes Moldavian, not Russian, the official language, and the workers, many of whom are Russian, Ukrainian and members of the Gagauz nationality, say that it is much too restrictive.

In the last several days two of the ruling Politburo's leading conservatives, Viktor M. Chebrikov and Yegor K. Ligachev, have called for an end to "nationalist extremism" throughout the country. President Mikhail S. Gorbachev has also made his displeasure known in conversations with regional leaders.

Mr. Ligachev said in a televised statement, however, that Moscow would not use "repressive measures" to solve the nationalist problems.

In Baku the authorities appear to have prepared themselves for any further tension. In the afternoon a long convoy of armed personnel

carriers and troop trucks drove through the middle of town, and a local foundry in Baku that had shut down for the day, said, "We support the front's demands, and we expect we'll stay out all week."

However, many workers around Baku who did go to work expressed confusion about the reasons for the strike.

The Popular Front, which has not received official sanction from the local government and Communist Party powers, said it would try to block the transport of oil, by rail

See ETHNIC, Page 2

## With Pandas, Teamwork Breeds Success

By Fred Hiatt

TOKYO — While the National Zoo in Washington announced the death of another newborn panda, the matronly Huan Huan frolicked as usual with her year-old cub in the Ueno Zoo here. Her 3-year-old son, Tong Tong, munched bamboo in a separate cage nearby.

Only seven pandas have been born outside China and survived, according to Japanese zoo officials: one in Madrid, four in Mexico City and two in the popular zoo in the heart of Tokyo.

The National Zoo's giant pandas, Ling-Ling and her mate, Hsing Hsing, have seen five cubs die in infancy, most recently one on Sunday of infectious received from its mother. But in the Tokyo zoo, Huan Huan, 17, and her mate, Fei Fei, 22, are still going strong.

The Tokyo pandas' success has stirred a national pride of parenthood denied so far to Americans. More than 110,000 people suggested names for Huan Huan's second surviving cub; a panel including the then prime minister's wife chose Yu Yu.

Hundreds of thousands more called a special telephone number that offered a recording of Yu Yu's distinctive squeals. And since then, the nation has followed, as it did with Tong Tong, Yu Yu's progress from a finger-sized newborn in June, 1988, to a 116-pound (52-kilogram) yearling of still-undetermined gender.

Among the topics of interest have been Yu Yu's diet (a blended mixture of milk, horse meat, quail eggs, sweet potato and bone powder), the first time Yu Yu played independently (last November, pushing a sugar cane around), and Yu Yu's first meal of bamboo (last month).

Kazuharu Tashiro, general curator of ani-



Hsing Hsing, a giant panda, took a bath as U.S. experts pondered why he and Ling-Ling have failed to produce a healthy cub.

mals at Ueno, tried Monday to explain his zoo's success. The question is of more than sentimental importance, since only 17 giant pandas are living in captivity and only about 1,000 of the endangered species still roam their native Sichuan Province in China.

Perhaps reflecting his nation's continuing penchant for arranged marriages, Mr. Tashiro cited "a good matching of parents" as the first key to success.

"We regarded Huan Huan as rather nervous and shy, though she has been very good in educating her children," Mr. Tashiro said. "Fei Fei is a relaxed, easygoing sort. They're a good match."

Mr. Tashiro said the Japanese skill at working together played a part, too. From conception to birth to child-rearing, panda-raising requires constant observation of minute details of behavior and rapid response to emergencies.

"So what's important is maintaining good teamwork day to day, all the time," said Mr. Tashiro.

But Mr. Tashiro acknowledged that there is no one secret. "To be honest, there are many things we still don't understand," he said. "So every time is a gamble."

Indeed, Ueno's efforts have not been without setback. The first panda pair, Huan Huan and Fei Fei, died childless, and Huan Huan accidentally squashed her first cub two days after the four-ounce panda was born.

After that loss, Ueno's zookeepers, instead of trying to watch the birth, allowed Huan Huan

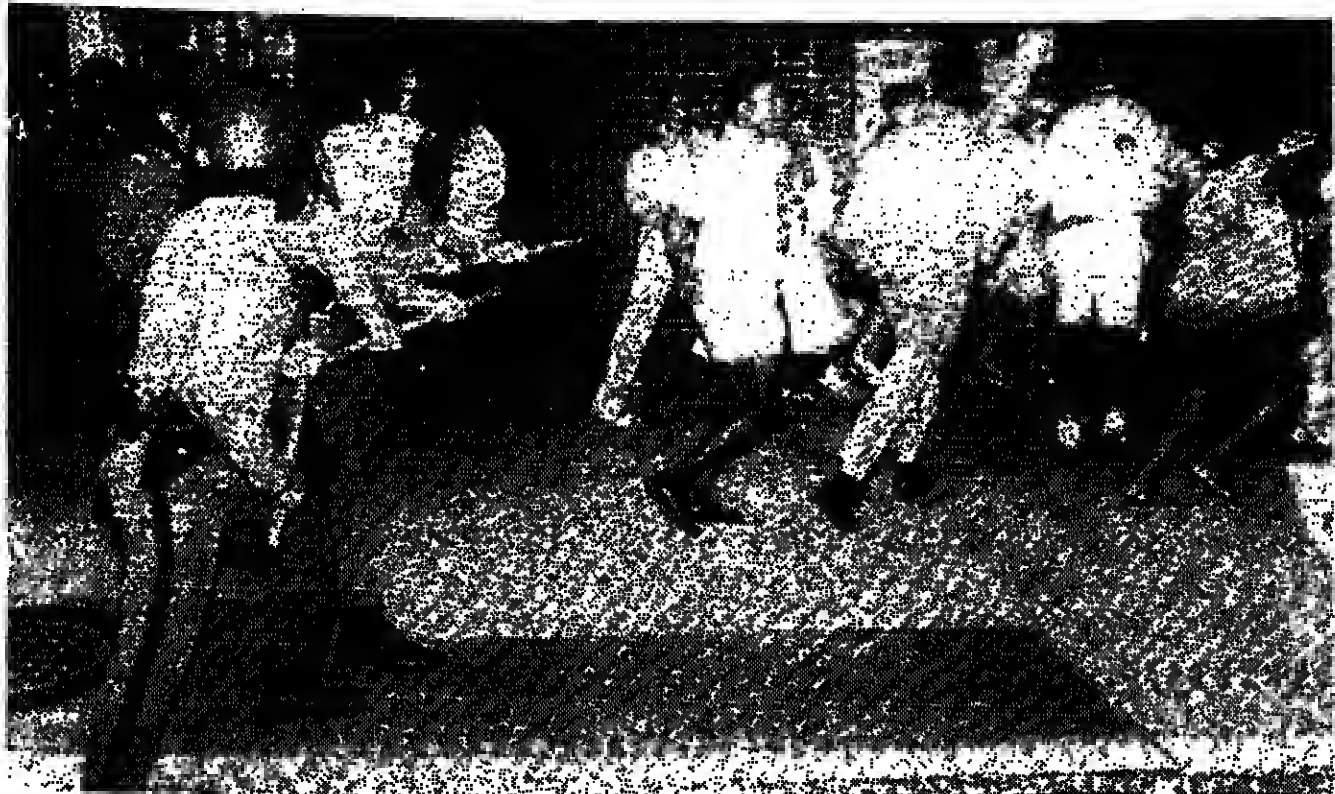
near total privacy, replacing her brightly lit concrete room with a dark, quiet, wood-paneled chamber strewn with bamboo branches.

Unlike in Washington, Tokyo's zookeepers have had a hard time persuading the adult pandas to mate, although Fei Fei always has behaved "like a gentleman," Mr. Tashiro said. As a result, all three of Huan Huan's pregnancies have come as a result of artificial insemination — an arduous and dangerous process during which a team of 20 doctors and other experts administer general anesthesia to each panda in turn on a specially designed operating table.









The police in Virginia Beach, Virginia, moving in with batons to disperse young university students during a fraternity festival.

## Guardsmen Enforce Curfew in Virginia

**The Associated Press**  
VIRGINIA BEACH, Virginia — National guardsmen carrying rifles helped enforce an overnight curfew after a second night of violence followed the looting of more than 100 stores by young people in town for a fraternity festival.

The curfew, issued after a Labor Day weekend gathering of students from mostly black colleges turned violent, was lifted Monday morning. The resort's main thoroughfare was reopened and families began heading for the beach at the end of summer's last holiday.

Officials in the city of 250,000 praised the police, but a civil rights leader said officers contributed to the tension.

A 35-minute police sweep late Sunday added dozens of arrests to the 160 detentions and 395 citations between Friday night and Sunday afternoon. The police had no immediate figures on the number of overnight arrests.

Two persons, both over college age, were shot in the first night of violence.

"Last year everything was real nice," said a 21-year-old student from Temple University. "But this year the place was jammed with police and they were hassling people." Another witness said that some participants chanted a slogan from the film "Do the Right Thing," which is about racial violence in New York City.

"We will not tolerate lawlessness from anybody," said the mayor, Meyers E. Obendorf. In a television interview Monday morning, he said that the police had shown "extraordinary restraint." He noted that they had fired no shots and had not used tear gas.

She said the city had "gone out of its way" to welcome the young people gathered for the annual Greekfest. She said some students complained about the way they were treated, but "there's no excuse for trashing a city if you're not happy with your circumstances."

But Jack W. Gravelly, president of the Virginia chapter of the National Association for the Advancement of Colored People,

faulted the city's tactics as much as "an element who came to disrupt" the students' gathering.

On Sunday night, dozens of officers and 150 guardsmen armed with assault rifles and wooden batons moved from the visitors center to the beach area, two blocks away. "Once the police came on the scene, the tension level rose," Mr. Gravelly said. He said that city officials should have been better prepared for the annual gathering of students from predominantly black East Coast colleges.

Officials said that they had had no choice but to use force after a rampage early Sunday down Atlantic Avenue, the main beachfront thoroughfare. The authorities estimated that 100,000 young people jammed a 300-block section around 2:15 A.M. When police tried to clear the streets, shots were fired, more than 100 businesses were looted and small fires were set in the streets.

By the time order was restored at dawn, four persons were hospitalized — two with gunshot wounds,

one after a fall from a balcony and one after an auto accident.

By 6 P.M. Sunday, Atlantic Avenue was again crowded with young people, although many shops were boarded up. Two hours later, officials closed all streets leading to the beach. A short time later guardsmen moved in. There were explosions that sounded like firecrackers, and bottles were thrown at officers. Ten-man squads of police officers, backed by an armored state police truck and a SWAT team, began making arrests.

By 9:30, hundreds of policemen in wedge formations swept the beachfront, with a police helicopter overhead. Bottles were thrown from balconies and parking decks, but the streets were clear by 11.

Merchants denied slighting the students, most of whom they said were well behaved. But some shopkeepers said they were not surprised by the trouble. "We tried to welcome these people," said Bobbi Basnight, an Atlantic Avenue merchant. "We'd been hearing rumors all week that something was going to happen."

## Colombia Drug War: 'A Lot of Tip-Offs'

By Joseph B. Treaster

New York Times Service

**BOGOTA** — Three weeks after President Virgilio Barco Vargas declared all-out war on Colombia's narcotics traffickers, many leading drug figures are believed to have escaped to huge areas of the country under their control after having been tipped off by corrupt Colombian police officers and soldiers, Colombian and U.S. officials say.

Besides warning traffickers that raids are coming, some members of the security forces are believed to have simply decided not to mount pursuits, the officials say.

"This is a very serious factor," a U.S. anti-narcotics specialist said. "There are a lot of tip-offs."

President Barco's office announced the dismissal of the chief of police in Medellin on Sunday. The government gave an explanation, but The Associated Press said the police officer, Colonel Antonio Sánchez, was the third police officer to have been dismissed this year in connection with the drug trade.

The first parts of a \$65 million package in U.S. anti-narcotics aid arrived in Bogotá over the weekend.

But in interviews since the crackdown began, Colombian security officials said that even with mountains of foreign assistance, the government might be strangled in the drug war unless it could end corruption in its security forces.

"The police have done an admirable job of trying to clean up their operations," the U.S. official said. "However, as much as they have done, there are still people inside working for the narcotics, sabotaging operations."

Since the initial raids after the assassination of Senator Luis Carlos Galán, a presidential candidate, the initiative appears to have shifted to the drug cartels, which supply about 80

percent of the cocaine consumed in the United States.

They have terrorized Medellin, the center of the cocaine trade, with a series of bombings. The government is taking steps to extradite a financial adviser of the Medellin cartel, Eduardo Martínez Romero. But for the moment, security officials say, they have no specific plans for further raids.

In the first strike against U.S. property, a small passenger jet belonging to the Drug En-

**"There are still people inside working for the narcotics, sabotaging operations."**

A U.S. official in Colombia

forcement Administration was blown up over the weekend at the airport in Montería, a city in northern Colombia in the heart of a cocaine shipping area, a spokesman for the Colombian Civil Aviation Administration said.

The traffickers, who run by far the biggest business in Colombia, with proceeds estimated at \$4 billion a year, control vast areas of plains and jungle where they have built processing laboratories, warehouses and airfields.

In these areas, a former police officer said, some police officers receive regular "additional salaries" from the traffickers.

A policeman, whose official pay is \$128 a month, may receive \$255 from the traffickers, the former officer said. A captain, whose official pay is \$180 a month, may get as much as \$5,000 monthly in illicit payments.

"It depends on where a man is and how important he is," a U.S. official said. "A small-town vendor might get \$25 to \$50 a month as a lookout. A colonel or a general may get \$10,000 to \$15,000."

Some Colombian law enforcement officials want an increase in pay for the security forces and the creation of an anti-drug unit including members of the army and the police.

This unit, they say, should report directly to the president or the minister of justice. A special police anti-drug unit that was created under the Ministry of Defense in May has earned a good reputation, but it has not been free of corruption.

Earlier this year, after General José Guillermo Medina Sánchez resigned as chief of the 70,000-member national police force, there were reports that he had been suspected of receiving money from Pablo Escobar, a leader of the Medellin cartel.

In June, a helicopter carrying Colombian gunmen and British mercenaries crashed on the way to what the authorities believe was to have been an attempt by the Cali cartel to assassinate Mr. Escobar. The pilot, who died in the crash, was identified as a captain in a special police anti-narcotics unit.

Some members of the security forces, especially soldiers, have forged alliances with groups of drug traffickers' gunmen to fight leftist guerrillas. These relationships, Colombian officials and scholars say, have led to leniency on drug violations.

"The declaration of war against the mafia would be serious only if the president were able to control the real operations of the security forces," said a university professor who has studied the police and the army, referring to the drug cartels.

## 2 Killed in Medellín Airport Shoot-Out

Compiled by Our Staff From Despatches

**MEDELLIN, Colombia** — Two persons were killed and 12 were wounded when a gunman opened fire on police at Medellín's airport on Monday, and hours later police found a bomb on a plane there.

Medellin, 345 kilometers (215 miles) north of Bogotá, is the base of the world's largest cocaine cartel and has been subjected to bombings and other violence by narcotics traffickers since a crackdown on the drug trade began.

Meanwhile, military aid continued to arrive in a \$65 million U.S. effort to help the anti-narcotics campaign that President Virgilio Barco Vargas began Aug. 18.

And aviation officials in the northwestern city of Montería said

that a C-123 transport of the State Department's international narcotics division had been firebombed Sunday. U.S. officials said Monday that the plane had been bound for the United States from Peru two weeks ago when engine trouble forced it to land at Montería.

In Medellín, a young man in army camouflage fatigues drove up to the airport terminal at 7:15 A.M. and opened fire on passengers checking in for a flight to Bogotá, police reported.

The provincial commander of the national police said that the gunman "began to fire indiscriminately with a G-3 rifle, an automatic weapon of Israeli manufacture. One passenger was killed before the police shot the unidentified

assailant to death, a police spokesman said, adding that nine other civilians and three police officers were wounded in the shoot-out on the terminal sidewalk.

The national radio network identified the dead passenger as a 27-year-old administrator for Piatuco, the country's largest paint company, which is based in Medellín. Its factory was bombed last week in an attack blamed on drug dealers.

A Medellín police spokesman said the bomb on the plane was discovered after an anonymous phone call warned that an explosive device was in a suitcase on an Avianca flight arriving from Cali, home of a cocaine cartel rivaling the Medellín-based operation. The

bomb was removed and safely detonated, the spokesman said.

The incidents followed two bomb attacks in Medellín shortly before a 10-hour curfew took effect there Sunday night. A state-run bank and insurance company were severely damaged in one attack.

Mr. Barco's government ordered the crackdown on drug traffickers after a string of assassinations that culminated in the Aug. 18 killing of Luis Carlos Galán, a leading presidential candidate.

U.S. diplomats and Colombian authorities were in Barranquilla, a Caribbean port, for the arrival Monday of eight A-37 observation and attack jets being delivered by the United States.

(Reuters, AP, UPI)

## Plane Crash Kills 135 Near Havana

Compiled by Our Staff From Despatches

**HAVANA** — A Cuban airliner carrying Italian tourists apparently clipped a runway fence in a storm and crashed in flames into a village on Sunday night, destroying homes and killing all but one of the 126 people on the plane.

Cuban news reports Monday said another 10 persons were believed to have been killed on the ground, and Havana radio said two more persons were still missing. At least 63 people on the ground were injured, and 15 were reported in critical condition.

The plane crashed during a heavy thunderstorm after takeoff from José Martí airport.

The chartered Empresa Cubana de Aviación jetliner en route to Milan was carrying 113 Italians,

two Cubans and a crew of 11, the Cuban Embassy said in Rome.

It said the sole survivor, an Italian man aged between 35 and 40 years, was in critical condition.

The Cuban press said it was the nation's worst air disaster.

The cause of the crash was not known, but a Foreign Ministry employee in Rome said the weather appeared to be a factor.

"It was very bad, a storm, with rain and lightning," he said.

Mexico's Excelsior news agency said there was a heavy downpour with thunder and lightning when Flight 9046 took off from Milan with a scheduled refueling stop in Cologne.

The Cuban film critic José Antonio Cruzado, 44, was one of the 26 Cubans killed.

The Cuban president, Fidel Castro, and the Nobel Prize-winning author, Gabriel García Márquez, visited the crash site, and Mr. Castro visited the hospitals where people on the ground were taken with injuries.

Planes were landing Monday at the airport but were not taking off from there, the news agency Prensa Latina said.

(Reuters, AP)

## 2 Aerobatic Jets Collide in Canada

The Associated Press

**TORONTO** — A complicated stunt by the Canadian Forces' elite aerobatic team, the Snowbirds, went awry before thousands of on-lookers at the Canadian National Exhibition air show and two jets plunged into Lake Ontario after apparently clipping each other.

Captain Shane Antaya, 24, of Stratford, Ontario, was missing and presumed dead. Major Dan Dempsey, of Edmonton, the 36-year-old commander of the precision flying team, safely ejected from his jet moments before it careened in smoke and flames into the lake.

The team's 15 remaining shows this season have been canceled. Sunday's show resumed about 45 minutes after the crash and the show chairman, Bill McVean, said Monday's show would go ahead without the Snowbirds.

## Richard Sandler, 50, A Newsday Editor, Dies

The Associated Press

**NEW YORK** — Richard Sandler, 50, assistant managing editor and sports editor for Newsday, died of cancer Sunday.

Mr. Sandler had been Newsday sports editor since 1973, but his background was in news. He had been a news editor at Newsday and worked news at the Baltimore Sun and the Philadelphia Inquirer.

"He was a first-rate editor and a wonderful man, and about as honest and fair-minded as it was possible to be," said Anthony Marro, editor of Newsday.

Under Mr. Sandler, Newsday was recently selected as one of the 10 best daily Sunday and special sports sections by Associated Press sports editors in 1987 and 1988.

Other deaths

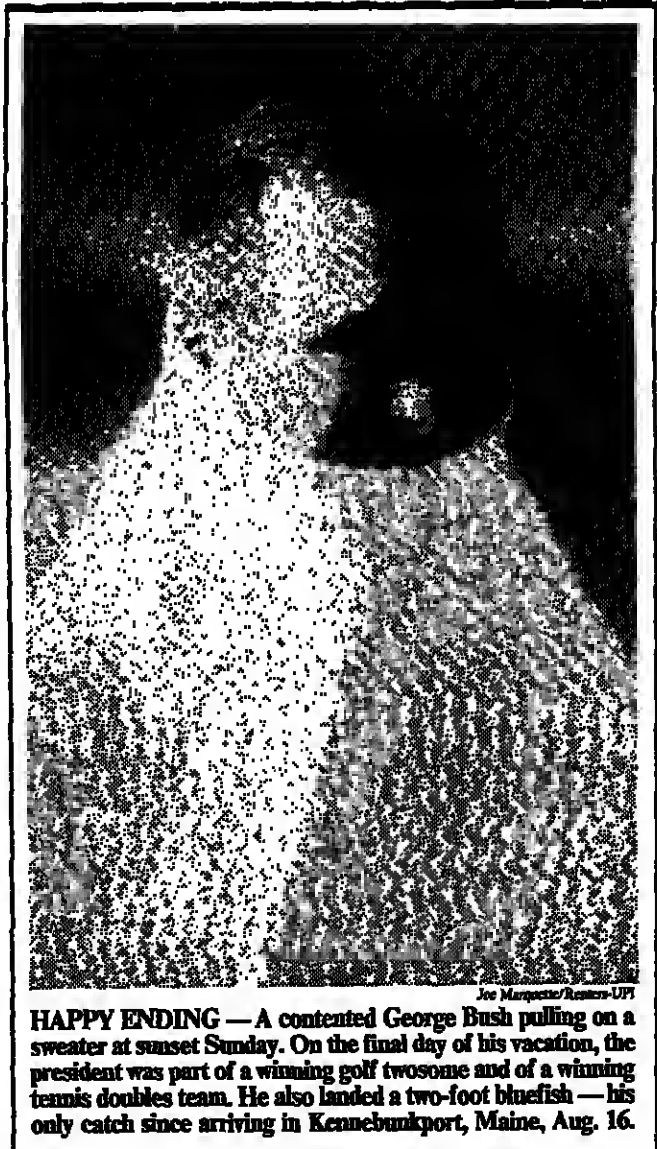
Archbishop Tigran Nersisyan, 85, a former primate of the Diocese of

the Armenian Apostolic Church of America, of cancer Friday in New York.

Claire Luce, 85, a 1920s Ziegfeld star who left the musical stage for the classical theater, Thursday in New York after a lengthy illness. She was in Ziegfeld's "Nu Footin'" in 1926 and was paired with Fred Astaire in "The Gay Divorcee." Later, she became the first American actress to play leading roles at Stratford-on-Avon.

Robert Hoppe, 46, an artist whose romantic and glamour-inspired works won him art commissions for such events as Hollywood's 100th anniversary, Tuesday from complications of AIDS in Los Angeles.

Robert Schekane, 63, a writer and correspondent for CBS News for 33 years before he retired last year, of cancer Thursday in Washington.



HAPPY ENDING — A contented George Bush pulling on a sweater at sunset Sunday. On the final day of his vacation, the president was part of a winning golf twosome and of a winning tennis doubles team. He also landed a two-foot bluefish — his only catch since arriving in Kennebunkport, Maine, Aug. 16.

## Passenger Is Wounded As Bullet Hits U.S. Jet

The Associated Press

**FORT LAUDERDALE, Florida** — A gunshot hit a USAir plane coming in for a landing and grazed a passenger's head, authorities said.

The twin-engine turboprop was en route from the Bahamas with 16 passengers and three crew members Sunday when the bullet pierced a door, ricocheted off the ceiling and struck Edward C. Wright, authorities said.

The authorities said they had not determined who was shooting or why.

Mr. Wright, 42, of Dove Canyon, California, said he heard a popping noise before feeling a bump on his head, according to Jim Lejda of the sheriff's office.

"He first thought something had fallen and struck him, but he saw nothing," Mr. Lejda said. "When Wright touched his head with his hand, he found that he was bleeding."

Mr. Wright was treated at a local medical center and released.

Sheriff's deputies searched near

the airport but found no suspects or witnesses.

The FBI and the Federal Aviation Administration also were investigating.

"At this point, we have not made any determination as to whether this was a deliberate act or the result of an accident," said Paul Miller, an FBI spokesman in Miami.

Another passenger, a vacationing police officer, Brian Anderson, said the bullet passed about two seats behind him.

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## Chamorro Choice Wins Praise in U.S.

By Robert Pear

New York Times Service

**WASHINGTON** — American officials and experts on Central America have welcomed the selection of Violeta Barrios de Chamorro as the opposition candidate for president of Nicaragua, saying she is the strongest possible choice and will unify the opposition.

A Bush administration official said that she had international stature and that her credentials were unassailable. The official added, "Admittedly, she has never been tested in electoral politics. But she is an outstanding candidate, the best they could have come up with, and she will amalgamate the opposition."

The official also sounded a note of caution, saying that it was "still an uphill battle" for the opposition to win the election in February 1990.

Carl Gershman, president of the National Endowment for Democracy, which is funneling \$3.5 million into Nicaragua this year, said the selection of Mrs. Chamorro ensured that the vote would be "not only an election, but also a plebiscite on 10 years of Sandinista rule."

The endowment, a private nonprofit corporation, receives almost all its money from the federal government. For the last five years, it has helped purchase ink and printing equipment for La Prensa, the opposition newspaper published by the Chamorro family.

The parties in the opposition alliance are diverse, running from socialist and communist to conservative. But Mr. Gershman said the selection of Mrs. Chamorro was "a very strong indication that the opposition will be unified and will pose a strong challenge to the Sandinistas."

American officials say they are unsure whether the president of Nicaragua, Daniel Ortega Saavedra, will allow free, fair elections, especially if the Sandinistas appear likely to lose.

One American official said: "The Sandinistas can create hurdles and barriers to the opposition. We see no sign that the Sandinistas will readily relinquish power."

Mrs. Chamorro and the vice-presidential candidate on the oppo-

sition ticket, Virgilio Godoy Reyes, were members of the first government formed by the Sandinistas after the overthrow of President Anastasio Somoza in 1979.

"No one can accuse them of being reactionaries," an American official said. As the publisher of La Prensa, Mrs. Chamorro "has been an independent actor and kept some distance between herself and the U.S.," he added.

American officials said that the United States had not tried to manipulate the selection of opposition candidates in Nicaragua because they believed that would make it more difficult for the opposition parties to come together.

Mr. Ortega complained last week that La Prensa was trying to carry out "anti-revolutionary work."



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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Burma: Don't Give Up

With dictatorships collapsing elsewhere, there is no reason to give up on last year's aborted democratic movement in Burma. But Burma's plight seems to have got lost in Washington.

Now there is a sign of revived attention. The U.S. State Department has confirmed a new wave of human rights violations, including systematic torture. That report, coupled with the persistent efforts of concerned legislators like Senator Daniel Patrick Moynihan and Representative Stephen Solarz and Robert Mansueto, could point toward a more principled American stance.

Americans were amazed and moved last summer by the outbreak of a mass democratic revolt in Burma, a land long shut off from the outside world. Idealistic students, many of them inspired by U.S. history, challenged the 26-year-old military regime founded by the ruthless and mystical U Nu. Though unarmed, they persisted in the face of army gunfire. Over time, they drew wide support from Buddhist monks and urban workers.

Their grass-roots protest and the spring's drama in Beijing. So did the deadly dénouement. An army massacre sent Burmese students fleeing for their lives, many

to Thai border areas and shelter by ethnic rebels fighting Burmese rule.

But while the Bush administration provides sanctuary to endangered Chinese democrats, it cold-shoulders those from Burma. Washington rebuffed student pleas to prevent Thailand from sending them home. And despite broad congressional support for humanitarian aid, staff of the U.S. Embassy in Bangkok are discouraged from traveling to border areas where help is needed.

Why? Is it because Washington wants Burmese army cooperation in drug interdiction? Rampant corruption makes that army a dubious partner. There are even reports of Noriega-style links between officers and drug kingpins. Or is the State Department worried about offending Thailand, which has new and lucrative business links with Burma? Surely democracy is a desperate advocate of democracy is more important.

Americans can be proud to have helped inspire Burma's beleaguered democratic movement. They should not have to bear the shame of abandoning that noble, unlost cause.

—THE NEW YORK TIMES

## Barney Frank's Errors

Representative Barney Frank, one of the House of Representatives' brightest and most effective members, is in serious trouble for some appalling errors.

By his own account, he patronized a male prostitute and hired the man for household errands. When Mr. Frank was away, the prostitute, a convicted drug and sex offender, used the congressman's Washington apartment to run a sex service.

This sad, messy story is grist for the House Ethics Committee, as Mr. Frank recognized in asking for committee attention.

A House rule requires members to act "at all times in a manner which shall reflect creditably on the House."

Mr. Frank may have violated it even if he was not aware that sex was being sold in his home. More facts are needed to assess how his private conduct may have affected public policy and official duties.

It is regrettable for any legislator to face an ethics committee inquiry but especially so in the case of so valued and articulate a public servant. A Massachusetts Democrat, always at the forefront of liberal causes and issues that define his party, Mr. Frank has

been a potent force for ethical reform. He risked unpopularity on both sides of the Capitol and both sides of the aisle last year to guide a needed conflict-of-interest bill to passage — only to see it pocket-vetoed by outgoing President Reagan.

Mr. Frank has worked with the Bush administration and House leaders to shape a new bill. And he has been a forceful questioner on the subcommittee looking into the scandals at the Department of Housing and Urban Development.

Mr. Frank knows that members of Congress are subject to unusual, and increasing, scrutiny. In five terms he has made himself a special congressman, subject to more than ordinary attention. At the time of his dealings with the prostitute, he was wrestling with his eventual decision two years ago to declare his homosexuality openly.

Mr. Frank deserves to be judged by his own high standards. If he establishes that he is guilty of nothing worse than stupidity and self-delusion, he may recover his role as a forceful member of Congress, though he has damaged his reputation for sound judgment.

—THE NEW YORK TIMES

## The Children's Crusade

It's a good thing there are so many states in the United States, and so many state governments. It means that when all those state governments are in general agreement on a problem — at the moment, the need for education reform — those who wait a year or two before launching an ambitious plan can draw on a wide range of laboratory examples supplied by their quicker-off-the-mark colleagues. The people charged with education reform in Rhode Island have taken advantage of that backlog of experiments, and the benefits — in design, at least — are clear in the plan dubbed the Children's Crusade, announced last week by the governor, Edward DiPrete.

Like many of the state plans already launched, Rhode Island's lays heavy emphasis on the economic costs of a high dropout rate — currently 50 percent among children with incomes below the poverty line. But unlike many, it starts from the proposition that changing that figure, let alone reaping economic benefits from reform, will be impossible without two elements: time, lots of it, and some concrete measure of whether the reform is working. Accordingly, the Children's Crusade will sign up third-graders, because fourth grade, according to experts, is roughly when kids begin to show serious, often irreversible, effects of early deprivation. It will aim specifically at the 3,000 low-income third-graders (about 30 percent of the statewide age group) who are deemed most at risk. If the dropout rate of those 3,000 students can be halved, state authorities figure, that will mean 300 more high school graduates a year starting

in 2001 — a clear, convenient benchmark. The state will ask universities, groups such as the Urban League, businesses and others to contribute to a public-private foundation endowment and to provide mentors. The mentors will go into the schools and try to get the 3,000 8-year-olds and their parents or parental stand-ins to sign contracts. The kids undertake to stay off drugs, stay in school and send the foundation their report cards every term. The mentors keep track. Those who meet the contract and graduate get full tuition at a state public university or the equivalent elsewhere. The crucial elements, says the state higher education commissioner, Americo Petrocelli, are four: a clear link between effort and reward; a clear link between dropping out of the program and "rotten outcomes"; careful monitoring by a mentor; and a network of concerned adults, a stand-in for the family members who traditionally annoy children by constantly asking them how they are doing in school and what they want to be when they grow up.

The plan refines similar ones floated elsewhere, like New York's more sprawling scheme to supply all graduates with full tuition "liberty scholarships." In a typical small improvement, Rhode Island will pay a yearly sum into the endowment instead of an operating budget. Such step-by-step refinements are the way to proceed. With too many reformers still addicted to abstract rhetoric, and too many reports that sound identical to those issued three and four years ago, a plan that builds on and beyond other efforts is a promising variation.

—THE WASHINGTON POST

## Henry VIII and Vitamin C

A writer claims this week in a British publication that King Henry VIII of England died not of his various vices and excesses, as has long been assumed, but rather for the more mundane reason that he did not eat his vegetables. Writing in *History Today*, Susan Maclean Kybett says that the king, who was once thought to have succumbed to syphilis, was actually killed by scurvy, caused by a lack of fruits and vegetables in his diet.

This will come as a disappointment to all those for whom Henry has always stood out as the most recognizable figure in the great jumble of first names and Roman numerals that is the British monarchy. With his six wives (two of whom he had beheaded), his relentless pursuit of power and his legendary gluttony, Henry was a walking soap opera, and the story of his life provided a fine cautionary tale about the perils of overindulgence. But now we are told that he was the victim of nothing more than a lack of Vitamin C. One's first impulse is to suspect that this is just a case of vegetarian revisionism.

The big busts having been thoroughly discredited, our moral instruction is now reduced to quibbling over measurements of the basic food groups and which combination of them provides a truly balanced diet.

But the Kybett article does give some persuasive evidence. The writer says Henry showed a number of symptoms of scurvy, among them bad breath, swollen legs, constipation, lethargy, bloating and mood swings. She notes that Henry was usually sick during Lent, when people fasted and when there was less nutritious food available. She points out that "nobody in the Tudor era associated foods with health. They hoped in vain that the green and golden concoctions of the alchemists would bring a cure."

Considering these and other bits of information she provides, we are inclined to believe that Susan Maclean Kybett knows what she is talking about — and will so long as she doesn't next try to convince us that it was not the beheading that killed Anne Boleyn so much as it was her low-fiber diet.

—THE WASHINGTON POST

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## The Passing of America's Post-Industrial Era

By Lester C. Thurow

CAMBRIDGE, Massachusetts — The sun is about to set on the post-industrial era. No one should mourn its passing. In the post-industrial era, service jobs were supposed to replace the manufacturing jobs lost to foreign competition, much as manufacturing employment once replaced the farm jobs lost to higher agricultural productivity. To the extent of the 1950s, this meant a transition from an economy based on dirty heavy industry to one based on clean, well-lit offices. No more Pittsburghs.

This scenario always had problems. While services have created more new jobs — 88 percent of all new jobs in the past 10 years — average service wages have been well below average manufacturing wages and productivity has suffered mightily.

In the decade ahead, however, demand for services will slow down. Wages will rise and, as a result, productivity in the service sector will grow more rapidly while many fewer service jobs will be created. There are several reasons for this.

Most of the growth in service employment (91 percent) in the past 10 years is traceable to three rapidly growing industries: health care (17 percent), retail trade (29 percent) and producers services (45 percent). If output in these industries were to grow more slowly or productivity were to start rising, the rapid expansion of the service sector would end. Both are about to happen.

The demand for health care has risen because of the interactions between an aging population, the development of expensive new technologies to treat the ailments of old age and expanding health insurance coverage for the elderly. These factors will continue but the rising expenditure trends cannot. Moves are under way to limit health-care spending. When these efforts succeed, as ultimately they must, health care employment will stop rising.

The rapid expansion of the retail sector is the product primarily of the explosive growth in the numbers of working women. The result is fewer meals eaten at home and the new convenience of shopping 24 hours a day, seven days a week. In

both cases, there are natural limits to expansion that we are not far from reaching.

The growth in financial services (a major component of producers services) is easily explained by the telecommunication-computer revolution and the abolition of government capital controls. Together they produced a world capital market with an array of new financial instruments.

But the expansion in financial services is essentially a one-shot adjustment to these changes. With

**Look for a return to old-fashioned manufacturing with a modern, robotics face.**

most of that adjustment now behind us, employment growth automatically will slow.

Lacking strong unions, U.S. service workers have never been paid as well as their foreign counterparts. Private service workers in the United States earn only 67 percent as much as those in manufacturing. In Japan, they earn 93 percent as much and in West Germany, 85 percent as much.

Low service wages have had two effects. First, they have allowed an enormous expansion of jobs, as Americans did the work that was being done by machines abroad. Parking lot attendants are unknown in Sweden, where they have been replaced by plastic cards. With automatic ticket-selling machines and unattended lift loadings, Swiss ski resorts use few workers. Unattended machines sell gasoline at night in Europe.

Second, low service wages dragged down productivity growth rates, creating a productivity crisis that is still the focus of public policy debate. Growing at the rate of West Germany's productivity, America would have added only 3.5 million

service jobs from 1972 to 1983, compared with the 14.2 million jobs actually created.

The reason productivity growth lagged was that U.S. companies invested relatively little capital per worker compared with other advanced nations. In Japan or West Germany, for example, capital investment per worker in the service sector is much higher and growing twice as fast. If service wages were to rise, American companies would be forced to use those same higher productivity technologies.

And service wages are about to rise. The reason? The United States will one day have to balance its trade deficit. To achieve a trade balance, America must either export more manufactured goods or replace imports with domestically made alternatives. There is no other way. The "green revolution" has eliminated most U.S. agricultural export markets and the amount of services that can be exported is limited; most services simply have to be produced where they are used.

To produce the goods needed to balance the trade accounts, American manufacturers will need to hire four million to five million new workers. With the baby boom generation fully employed and the subsequent "baby bust" generation reaching working age, the labor pool will be shrinking. Thus, most of these workers will have to be attracted from the service sector. This will lead to a shortage of workers, rising service wages and, as a result, greater investment in labor-saving technologies. Productivity will rise sharply and many fewer people will be needed.

The combination of slowing demand and accelerating productivity growth in services should replace the end of the post-industrial era. What is replacing it is old-fashioned manufacturing with a modern, robotics face. The only question is whether the manufacturing will be done by American companies or foreign ones.

The writer is dean of the Sloan School of Management at the Massachusetts Institute of Technology. He contributed this view to *The New York Times*.

## A Drug War Requires A Gun War

By Jim Hoagland

PARIS — For soldiers, war is hell. For politicians, war is merely useful, an easy and imprecise metaphor when dramatic effect is needed. Confronted with the intractable problems of poverty and drugs, American politicians are always declaring "war" as a substitute for making hard choices.

President Bush will face this temptation Tuesday when he addresses the nation on America's drug-and-violence crisis. But the president would do well to forgo the overworked war metaphor. Instead, he should try to explain the interrelated social and legal problems bound up in the double-edged crisis America faces.

He could then propose sustained law-enforcement measures that will reduce both drugs and guns in America's inner cities. For unless his proposals take aim at both drugs and guns, he can only hope to transform the shape of the crisis, not resolve it. Emphasizing the connection between drugs and guns as the twin scourges of modern American society could be one of the president's main contributions in this speech. America's too often lost sight of that relationship as they concentrate single-mindedly on the menace of drugs.

But it is the killings that come with the dealing that have turned drugs into a social and political menace for Americans. It is this violence that has driven American politicians onto the defensive and compelled them to try to explain, as Mr. Bush will do Tuesday, what they are going to do about drugs.

As they listen to Mr. Bush, Americans should consider the fact that this kind of emergency speech is not required of leaders in other industrial democracies. Drug trafficking is a worrisome law-enforcement problem in the West European nations and Japan. But drug violence has not developed into a national social crisis in these nations, which resemble America in so many other ways.

Drugs are certainly available in Western Europe and Japan. The pattern of the spread of AIDS in Western Europe in fact persuades many medical experts that intravenous drug use is much higher in Europe than had been thought. But firearms, which account for almost all America's inner-city drug deaths, are tightly controlled in these societies.

Europeans watching televised scenes of reading newspaper accounts of drug-related violence in the United States often make the essential connection glossed over in America — that both drugs and guns are easily available in the United States. Together drugs and guns have turned large chunks of urban America into the O.K. Corral.

This makes Europeans glad that they have supported laws to control firearms as well as drugs, and to pay for police forces large and powerful enough to control both.

What do Americans think will happen if the limited counterterrorism program the United States is now directing at drug traffickers in Colombia, Peru and Bolivia works and cocaine stops flowing into American cities? That the crack dealers will toss away the weapons they are amassing, often legally, and go to work for IBM?

This social crisis is broader and uglier than drugs alone, though drugs provide the economic engine for it. It is to be hoped that President Bush will articulate the breadth of the problem, rather than declare war on the most visible part of it.

For the first time, the gravity of the American drug-violence crisis is penetrating public thinking in Western Europe. The world's other industrial democracies will be listening carefully to Mr. Bush's speech as a measure of America's resolve to deal realistically with its domestic challenges. With Cold War tensions coming to an end, American power will be measured in the world as to how effectively and intelligently it is used to resolve America's own problems at home rather than abroad.

Instead of beginning his presidency by dispatching military advisers to Vietnam to contain communism, as John F. Kennedy did more than two decades ago, Mr. Bush has dispatched military trainers to Colombia to help fight drug traffickers. History may come to record Mr. Bush's decision as a symbolic turning point in America's social role.

But such action abroad will turn out to be meaningless in the long run unless the nature of the struggle at home is understood and engaged by America's political leaders and its people. That struggle involves both drugs and guns.

The Washington Post

## Trade, Not Aid, Will Power the Polish Recovery

By Melvyn Krauss

STANFORD, California — With the government in Poland no longer led by Communists, Western leaders will face growing pressure to give that country substantial amounts of economic aid. Lech Walesa has asked the West for \$10 billion in such aid over three years. And the new prime minister, Tadeusz Mazowiecki, has said that Poland will seek aid next month from the International Monetary Fund.

Clearly, the West must help Poland, if only to demonstrate to other East European peoples that it pays to throw off the Communist yoke. But trade, not aid, is the best way the West can help the Poles. Aid will do little to perpetuate Poland's economic stagnation.

Although the Poles are a cultured and skillful people, the major economic asset their country now has to offer the West is cheap labor. There are essentially three ways Poland can exploit this. First, it can export labor directly to the West. Polish "guest workers" abroad could repatriate a portion of their foreign earnings, helping their country's balance-of-payments problem.

Cheap labor could also provide an inducement for foreign corporations to set up production facilities in Poland. This would bring capital into the country and foster economic development. Finally, the Poles could reallocate their domestic productive resources from noncompetitive and capital-intensive industries like steel and shipbuilding to labor-intensive production. With cheap labor, Poland can offer labor-intensive goods to world markets at competitive prices.

How can the West help Poland's

economic recovery? At a minimum, the Western nations must offer Polish exports most-favored nation status. In Western Europe, this implies an exemption for Polish exports from the European Community's common external tariff. The United States should go a step further and exempt Polish exports from all tariff and nontariff barriers.

The West should also remove all discriminatory barriers to the inflow of Polish labor. Remittances from nationals working abroad have become an important part of the foreign exchange earnings of many less-developed nations. The same could be true of Poland. Foreign exchange earnings from the export of workers and the production of labor-intensive goods could become the basis for currency convertibility and debt repayment in Poland.



By PANCHO in Le Monde (Paris). C&W Syndicate.

## A Message for the Iranians: No Hostages, No Money

By Patrick Clawson

PHILADELPHIA — The U.S. government's attitude toward money and hostages is curious. It says that the United States will not pay ransom, yet it has paid and is ready to pay again hundreds of millions of dollars to Iran without demanding progress on the hostage front.

This peculiar approach is a product of America's fetish about international arbitration. It holds that politics should be kept out of the arbitration process.

In 1981, as part of the deal to free the hostages from the embassy in Tehran, a claims tribunal was set up to resolve financial disputes. The U.S. government has insisted that the tribunal is an entirely neutral court; Iranian leaders see it as intensely political.

Acting on its misconception, the United States in 1987 handed \$454 million to Iran when ordered to do so by the tribunal. Washington insisted on a formal statement from Iran that this payment was independent of the hostage issue. Faced with a similar

court order to repay Iran, France delayed for three years until Tehran freed some hostages. France's action was denounced in the United States as a ransom payment.

To uphold the American concept of judicial independence, the United States evidently prefers to pay without getting anything in return rather than seeing its hostages freed.

While there is much to be said for separating politics from judicial proceedings, courts should have a limited role when states as hostile and different as America and Iran face off.

The sad truth is that Iranian leaders consider U.S. payments a political concession, not mainly a legal victory. Payments without demands for hostage release only feed their conviction that high U.S. officials do not really care much about the hostages despite all the words about their plight.

Discussions with Iran on repayments are continuing. Exactly what

assets are frozen is in dispute, but minimally there is \$800 million in the Bank of England, \$600 million in two accounts in De Nederlandsche Bank in the Netherlands, and from cash paid for arms not delivered, \$400 million in the Federal Reserve.

As the tribunal proceeds, some of this money will be handed over to U.S. companies with claims against Iran, but the rest will eventually be returned to Iran.

Tehran badly wants the money to help with reconstruction from the war with Iraq. The Iranian president, Hashemi Rafsanjani, has repeated for three years what the United States finally noticed recently. As he put it in 1987, "release of our assets frozen illegally would be considered a good will gesture, and we in turn would intervene with the people of Lebanon to release the hostages."

While he was prepared to make a deal, he was delighted when later in

1987 the United States paid him \$454 million without demanding a thing on the hostage issue.

Returning the money to Iran is by no means paying ransom. The money is Iran's: It is what remains of the \$10 billion Jimmy Carter froze in 1979. The money is certain to be returned someday. The only question is when and under what conditions.

The Bush White House has said it would not agree to return money as part of a hostage deal. It should broaden this statement to read that no money would be handed to Iran while the hostages are held — no matter what the claims tribunal rules.

The United States should invite Iran to negotiate a global settlement to replace the 1981 accord. The key elements should be return of the hostages, an end to all financial claims each side has on the other and a return to Iran of most of its cash after an agreed amount is set aside to meet outstanding claims.

The writer is a resident scholar at the Foreign Policy Research Institute. He contributed this comment to *The New York Times*.

## Hammers and Shovels for the Contras

By César A. Chelala

NEW YORK — The Tela accord among the five Central American presidents, which calls for dismantling the contra forces, provides a rare opportunity to reverse a negative trend in the region: Why not use the idea contra soldiers for constructive purposes?

Although the contras' war elicited some concessions from the Sandinistas — they probably would not otherwise have agreed to hold free and democratic elections — it has been at great human and political cost. The contras' presence has had serious consequences not only for Nicaraguans, but for Hondurans.

For Nicaragua, in addition to the death or maiming of thousands of civilians, it has meant the destruction of the health infrastructure and severe setbacks to national immunization and malaria eradication campaigns. After a period of improvement, the people's health has suffered. Population displacements have brought widespread undernutrition, especially among children.

Hondurans, though not directly involved in the conflict, has suf-

fered from the foreign military presence. The effects on the health status of the population, already among the worst in the hemisphere, have been severe. Prostitution, near the military bases has led to an increase in sexually transmitted diseases, including penicillin-resistant gonorrhea. According to data from the Pan American Health Organization, Honduras has the highest rate of AIDS in Central America.

The presence of foreign troops has also hurt the environment. Honduras' State Forestry Corp. blames joint U.S.-Honduran military maneuvers for the destruction of 10 percent of the pine forests in the area near the border with Nicaragua. The construction of military bases, warehouse facilities and airfields has aggravated the situation.

At this critical point, when there is widespread, if not universal, agreement on the need to demobilize the contra soldiers, actions geared to helping them could pro-

vide a stable peace in the region.

The chances that these soldiers, many of them adolescents with no marketable skills, will accept "voluntary" demobilization will increase if they realize that they have the possibility of a meaningful future. With intensive training, contra soldiers could participate in the construction and repair of roads and of health care units. They could also collaborate on agricultural and reforestation projects. To finance these activities, the U.S. government could redirect unused funds already earmarked for the contras.

This approach would bring immediate benefits to the people in the afflicted areas. Turning the contras into a force for development and peace would give them a role in society, ease their return to civilian life and extract some clear gains out of a complex, difficult situation.

Dr. Chelala, an international consultant on medical issues, writes frequently on international affairs. He contributed this comment to *The International Herald Tribune*.

### 100, 75 AND 50 YEARS AGO

#### 1889: For a New Hymn

PARIS — The *Herald* says in an editorial: "A thirst for a national hymn seems to have seized on a large part of Americans, who propose to confide the work of providing us with the desired hymn, including music, to a committee. People appear to have forgotten that this plan was tried in the North at the outbreak of the Civil War, when it was felt that a brand new national hymn was needed. The 'Star Spangled Banner' was conceded to be tiresome; no one could honestly take any interest in 'Hail Columbia'; and as for 'Yankee Doodle,' it seemed incongruous for men to march to death with the sound of that exasperating jig."

#### 1914: Russians Mobilize

ROME — Russian troops from parts of the country distant from the scene of war are now on their way to the western frontiers of the Empire, ready to repulse, if necessary, a Turk-

ish attack. The siege artillery and material the troops are carrying with them toward Berlin and Vienna are so important that trains follow each other closely, and all Russian roads are taken up by convoys.

#### 1939: Paris Black-Out

PARIS — The *Herald* says in an editorial: "Black-out in Paris. The phrase has taken dramatic form in this city in the past few days in a fashion that no one who has lived through it can soon forget. For those who were in Paris in 1914, the darkening of Paris symbolizes better than could any words the contrast with the start of the World War. There was then no grave threat from the air and no knowledge of poison gas. War has become a hopelessly ugly thing, thanks to the modern machine, and man's ingenuity of invention. There is no talk in France of going to the rescue of Poland as an act of altruism, or of preserving western civilization, except as France is part of it."



## OPINION

## They Want Everything But the Bill

By Anthony Lewis

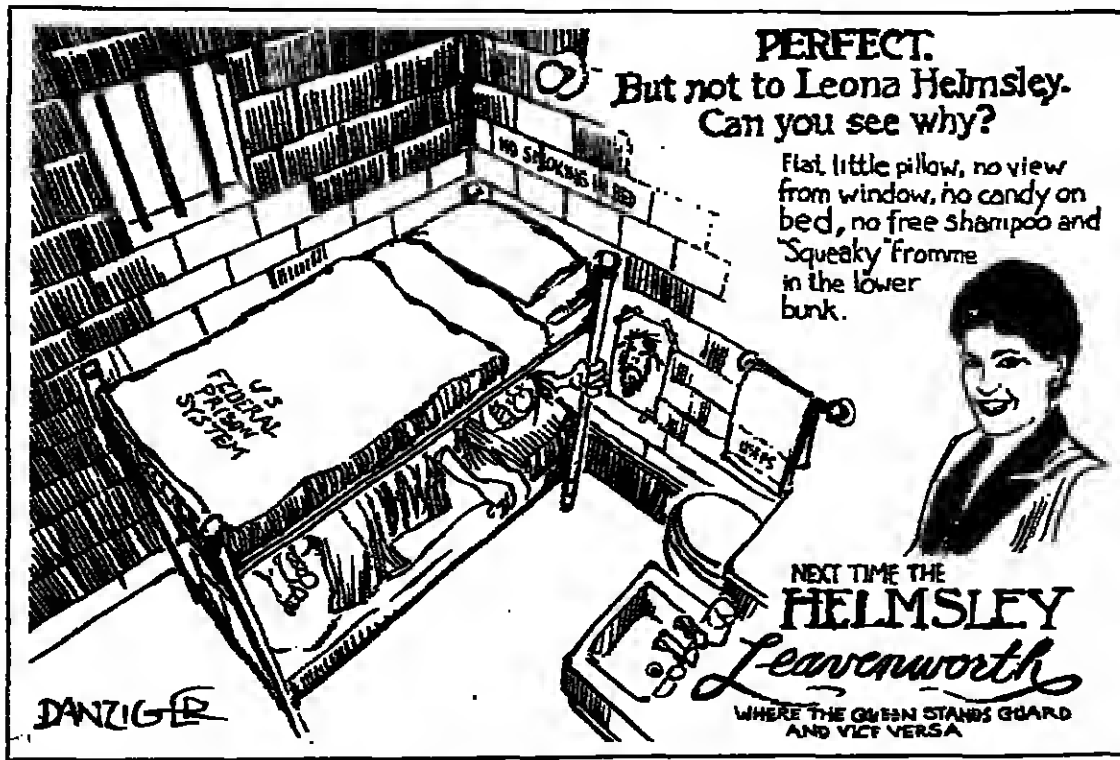
BOSTON — Leona Helmsley's conviction for tax evasion evoked much *schadenfreude*, pleasure at her misfortune. People remembered what her former housekeeper testified she had said: "We don't pay taxes. Little people pay taxes."

But Mrs. Helmsley symbolizes something more important than the abuses of the rich. She is an extreme case of a general condition afflicting American society. That is the philosophy of entitlement: the belief, held by millions without regard to class, that they are entitled to the benefits provided by civilized government without paying for them.

The current debate about catastrophic medical coverage for the elderly provides an example. Last year Congress extended Medicare to provide such coverage, to be financed by a supplementary tax on about 40 percent of Medicare beneficiaries. Organizations of the elderly are resisting the tax as too high. At a recent meeting in Chicago last month the president of the Illinois State Council of Senior Citizens, Jerry Prete, said the beneficiaries should not have to pay for the program at all. They should get it free.

There are legitimate arguments about financing catastrophic health care for the elderly. But abandoning the Social Security-Medicare principle of insurance paid for by special taxes would not make the program "free." It would just mean that a large group of Americans — the elderly, regardless of need — would get money from general tax revenues.

But of course there are no general tax



revenues to pay for that program or for a dozen others that could be called urgent. The U.S. government is spending vastly more than it takes in. It has been for years, and there is no chance whatever of balancing the budget at current levels of taxation.

There's the rub: taxes. Low taxes are grist for political demagogues. What politician is going to talk responsibly about budgets and taxes when his or her opponent can so easily appeal to Americans' belief that they can have something for nothing?

Here in Massachusetts an organization called Citizens for Limited Taxation has succeeded over the last decade in limiting property taxes and

cutting the state income tax. Its director, Barbara Anderson, is a highly skilled lobbyist and public organizer. She has the support of an influential radio talk show host, Jerry Williams.

The message hammered home so successfully by Ms. Anderson and Mr. Williams is that taxes are bad. They never talk about the public programs that must be abandoned as the state's revenues shrink. People in Massachusetts want better schools and the other things government pays for. But they also want low taxes. And they do not connect one with the other.

The disconnected state of mind is just as striking on the national scene. It was the special province of Ronald Reagan.

Americans did not really believe President Reagan when he said lower taxes would bring in more revenue. But they didn't agree with his plans to cut government programs either. The result: a crippled U.S. tax base and an unending deficit. Or as Mr. McGraw-Hill put it, misery. So Americans go on depriving themselves of the things a country must have to prosper, certainly to lead: decent schools, a rational system of medical care, a healthy environment. And so it will continue, until a political leader talks sense to the American people instead of demagoguery — until someone makes them understand, as Justice Holmes said, that taxes are the price of civilization.

The New York Times

## In Schoolyards or at Dinner Tables

By Alan Weisman

CLIFFSIDE PARK, New Jersey — It was a weekly ritual played out before my eyes on the corner where the schoolyard was, in the heart of Flatbush, Brooklyn, almost 30 years ago.

Every Friday, around 4 P.M., the older kids would call a halt to their basketball game and gather outside the gates of the Saint Rose of Lima school.

They knew the kids with the funny skullcaps would be walking by, on their way home. The Jews. The likes. Those sloppily dressed, the black vests, the sloppy sideburns and the stupid hats.

Every Friday, around 4 P.M., it was time to beat up the Jews.

Somehow, my friends believed, these guys deserved to be beaten up; it was written down somewhere, an immutable law of social science. Darwinian in its inevitability. After all, if they just took off those stupid caps and cut those ridiculous sideburns, no one would know for sure who they were, and they could then proceed without incident.

But they wouldn't do that (too dumb to grasp the principle of cause and effect), so they got beaten up.

I watched and did nothing. My classmates at Saint Rose of Lima were mostly Italian and Irish, sons and daughters of the working class. Their parents were suspicious of Jews (how come they run everything?) and less than charitable toward one another. The Italians believed the Irish drank too much and were irresponsible; the Irish believed the Italians ate too much and were dirty.

But the two camps coexisted rather peacefully, standing side by side at Sunday morning Mass. The Irish were content that a Kennedy was in the White House and the Italians content that an Italian named John ruled the Vatican. They volunteered for community functions; their children commingled on the baseball team and in the choir. On one

issue they were truly united: the fear of blacks.

There were only a half dozen black students at Saint Rose in the early 1960s, and they appeared to have arrived in Flatbush from another planet. Crisp white shirts with painfully starched collars, trousers impeccably creased, pens

## MEANWHILE

clipped neatly to the breast pocket, faces wide-eyed and open, trying hard to look like they belonged.

They rarely spoke with us, and we rarely spoke with them.

In the Irish households, the presence of a handful of blacks at Saint Rose was greeted largely with a shrug. After all, what could you do? If they didn't bother us, we won't bother them. Maybe they can help the track team — those people know how to run.

But in the Italian households (I grew up in one), the mood was decidedly more passionate. Those *malignans* (eggplants, in southern Italian dialect). Why don't they stay with their own? They have no respect. They'll tear the neighborhood down and our homes won't be worth a dime.

At family meals, my grandfather, Aurelio, would hold court at the head of the long table, waving a jug of wine and ranting about the evils of a world that had failed him. He had been a bricklayer and had once entertained thoughts of the priesthood. His wife had failed him by bearing only daughters, and one of his daughters — my mother — had failed him by marrying a Jew.

And now the malignans were coming up a watermelon and taunting a crowd of blacks protesting the killing of a black youth by a gang of whites. The kid with the watermelon appeared to be shouting something as he stood next to a sign that read "We Are Not Racists." I looked at his face. I read his name. I read about the kids who were sought for the crime and some comments from neighborhood residents.

I don't know what really happened. I don't know if these kids are guilty. But I know them, and I have a pretty good idea of what they heard and did not hear in their homes, their schools, their churches. I can see them in the schoolyards, waiting for those kids with the stupid hats and the curly sideburns to walk by. I've been to their holiday meals where the prayers are said and the long table is loaded with food, where Aurelio waves his jug and points to the eggplants and curses the malignans — curses them for showing up in a world that was not supposed to change.

A world which, tragically, has not.

The writer is a producer for the CBS News program "60 Minutes." He contributed this column to The New York Times.

## LETTERS TO THE EDITOR

## Poland in the '40s, Carmelites at Auschwitz and a Sermon

In 1943, I, a Polish Jewess, escaped from a German camp and obtained documents that said I was a Catholic. I was lucky to live with a family that knew I was Jewish and that treated me very well. None of their relatives or neighbors knew the truth. Living as I did, I heard many unpleasant, hostile opinions about Jews. One, in particular, has stayed in my mind. Somebody remarked that Jews don't see the sun. I asked, "What do you mean?"

"Don't you know? Because they have no souls."

"Are you sure?" I asked.

"Certainly, I knew them well. They were our neighbors."

In August 1944, during the uprising against the Germans, I volunteered unsuccessfully (there were not enough guns, even for boys) to fight, got a Polish stamp on my German document and started to

feel safe at last. When I expressed my feelings, I was startled to hear a man stammer, "I am ashamed of my compatriots, but don't tell who you are yet. Be careful." He was right. Some Jews were killed during the uprising — in the absence of Germans.

After the Polish insurgents surrendered, Warsaw was evacuated. I escaped from a train and was in Poland in January 1945 when the Germans retreated from western Poland. Rumors persisted that some Jews who emerged in small numbers from hiding were killed by "persons unknown."

My own bitter lesson came when I tracked down the people with whom I had lived in Warsaw. They were in a village near the border with Czechoslovakia. We greeted each other warmly and then I was told: "Please don't tell anybody who you are. These yokels

wouldn't understand." I used my assumed name in my letters to them.

Since 1947, I have been living in the United States. A few years ago I made the effort to have the names of my Polish friends placed, posthumously, in the Jewish "Hall of Fame" in Jerusalem as "righteous gentiles." I am in touch with their daughters and told them about it. Their answer was silence.

I like sunsets, and sometimes I repeat the words of the Polish poet Józef Szostak: "Thank you, God, for the colors you displayed the rainbow of colors..." My soul enjoys it.

I am still waiting for the good soul of Poland to come to the surface. Cardinal Józef Glemp's harsh words notwithstanding ("Glemp Tells Jews They Should Stop Being Anti-Polish," Aug. 29). His was not a good sermon. He was sowing distrust and misunderstanding.

R. GABRIEL  
Bethesda, Maryland

It is profoundly shocking that a group of U.S. Jewish leaders objects to the presence of the Carmelite convent at Auschwitz ("Pope Wrong on Convent, Rabbi Says," July 19). The Carmelites have taken vows of poverty, chastity and obedience. They have cloistered themselves in a building once used to store poison gas, to spend their lives in meditation and prayer — to atone for the hideous crimes committed there.

SYLVIA SIMPSON GENSKE  
Marble, Spain

Let the Poles honor the dead of Auschwitz in their own Catholic tradition. We Jews can either ask for a synagogue to be built there as well, or better still, any Jewish pilgrim to Auschwitz can say the Kaddish (the prayer to the dead) in his heart. And let there be peace.

SAUL SHAPIRO  
Baltimore

## Armand Hammer's Gifts

Regarding the People item on Armand Hammer (Aug. 19):

Over the past 10 years, Armand Hammer has donated more than \$45 million of his own funds to the Armand Hammer Foundation. All but the group of da Vinci drawings known as the "Codex Hammer" and 10 other works of art contained in the collections to be donated to the art museum and cultural center being established and funded by Occidental Petroleum Corp. were fully paid for by Dr. Hammer — either directly or by funds he contributed to the foundation.

Occidental has donated a total of \$12 million to the Armand Hammer Foundation. Of that, about \$5 million was used for the purchase of the Codex Hammer and \$500,000 for the purchase of the 10 other paintings. Thus, virtually

all the art to be donated to the museum was paid for by Dr. Hammer personally.

Dr. Hammer also personally contributed \$1 million in cash and paintings then worth an additional \$1 million (now worth more than 20 times what they cost) to the Los Angeles County Museum of Art, which resulted in the naming of a building in his honor. Occidental contributed \$2 million to that museum for the construction of a bridge and escalator.

Dr. Hammer has routinely contributed up to 90 percent of his personal income to charitable and humanitarian causes the world over. No one has ever implied that these causes were not worthwhile. Rather, cynics question Occidental's decision to contribute to these causes. Surely this is, at best, a myopic and, at worst, a blind view of corporate responsibility.

BRUCE W. KAUFFMAN  
Philadelphia

## GENERAL NEWS

## Broad-Based, U.S. Golf Has a New Look

By Lena Williams

NEW YORK — Once more, the men in the White House are golfers. Some things, it seems, never change. But look again.

"Golf is the fastest-growing sport in America," said Kit Bradshaw, director of publicity for the National Golf Foundation. "Its popularity is cutting across different classes, races and sexes."

Last year, Americans played more than 457 million rounds of golf, spent \$963 million on balls, bags, clubs and carts, and \$7.8 billion on golf-related travel and lodging — almost double the 1985 figures. And in growing numbers, women, blacks and younger players are fueling the boom in the endlessly challenging, frustrating, fascinating game.

Susan Mills, 42, is a television producer who recently returned from a week at a golf school in Stratton, Vermont. "As women climb the corporate ladder, they're beginning to understand that this is a way to be accepted," she said.

Ronald T. Gault is part of a black foursome at the Pelham Bay-Split Rock Golf Course in the Bronx. Mr. Gault, 48, began the sport three months ago. "Part of the reason is that you're competing against the course, rather than an opponent," he said.

Then there are players like Michael Jordan, the 26-year-old Chicago Bull all-star who talks about turning pro — in golf — when his basketball days are over.

The sport is getting a new look. "There is evidence to suggest that many of the high-impact exercises — jogging, running, handball — are either stagnant or declining," said John Rooney, professor of geography at Oklahoma

State University and author of several books on sports and leisure. "Golf is viewed as an alternative. You can commune with nature, get a decent amount of exercise, have fun and do some business on the side."

The number of golfers in the United States rose from 17.5 million in 1985 to 23.4 million in 1988, an increase of about 40 percent, reports the golf foundation, a research and market

development organization. The fastest growing sector is the women's game; at least 30 percent of all new golfers are women, and women represent 25 percent of the nation's golfers. "We have had to increase women's locker room facilities and even considered day-care facilities at some of our new clubs," said an official at Golden Bear International, a company owned by Jack Nicklaus.

The foundation and other professional groups do not maintain racial breakdowns, but information gathered by black clubs, professional players and coaches suggests that the number of blacks playing recreational golf has tripled since 1980.

Blacks, however, are not typically admitted into country clubs, and there are no private black-owned U.S. country clubs, those in the

industry say. Blacks who do play those courses are mostly invited celebrities like Mr. Jordan and the entertainer Sammy Davis Jr.

But public courses have become increasingly popular in recent years, opening up a game once considered almost exclusively the preserve of the wealthy and of business executives.

A foundation study conducted two years ago found that only 45 percent of recreational golfers were professionals, managers or administrators. About 19 percent were held clerical or sales jobs and 25 percent had blue-collar jobs. Forty percent were college graduates and 29 percent had some college education; 26 percent had not progressed beyond high school.

"Golf moved toward democratization in the 1960s," Mr. Rooney said. "That's when more blue-collar and factory workers started to play. The catalyst for the shift was Arnold Palmer. He looked like a blacksmith and played the game with an aggressive flair. Palmer came from a rather spartan background. His success helped take the game out of the exclusive realm of the wealthy."

In trying to explain the game's surging appeal, golf experts suggest everything from the participation of celebrities to the notion that the country may be turning more conservative. They point to golf's clean image amid the cheating scandals that have plagued other sports.

They say that President George Bush's love for the game and Vice President Dan Quayle's passion for it have given golf renewed exposure. And they cite the rise in residential development of golf courses in communities in which people buy a condominium and get club and course privileges as part of the deal.

Means Committee said: "In a different day, they would have said, 'What the hell, we'll pay for it. We all love old people and if they say they don't want to pay for it, we'll pay and just slide it on to the deficit.' Life is no longer so simple."

Still, while legislators are keenly aware of the deficit, they wonder if their constituents are. "I can see people's eyes glaze over when I start to talk about these numbers," said Senator Bob Kerrey, a Nebraska Democrat, after he outlined the difficulties in Chappell, Nebraska.

Money is not at the root of all of Congress's problems. The uproar over the National Endowment for the Arts, an issue that clearly registered back home and will be taken up by a House-Senate conference committee this fall, has to do with ticklish politics: the use of public funds for art that may offend the public.

Then there is the issue of the flag, which will quickly come before the House in legislation to outlaw flag burning in the aftermath of the Supreme Court's ruling that such acts could be a protected form of political speech.

## The catalyst for the shift was Arnold Palmer. He looked like a blacksmith and played the game with an aggressive flair.

John Rooney, author

## Hard Choices Face Returning Congress

By Robin Toner

WASHINGTON — Congress is returning to the capital after an August recess that was more restful than restful; the four weeks back home only underscoring the hard political choices facing legislators.

One issue seemed to dominate the recess: angry senior citizens, railing against the surtax imposed on the elderly to pay for the expansion of Medicare to cover the catastrophic costs of extended illnesses.

"That son-of-a-gun comes up everywhere," said Robert H. Michel of Illinois, the House Republican leader.

"We have to put the fire out first, and that's catastrophic," said Senator Tom Daschle of South Dakota, co-chairman of the Democratic Policy Committee. "And I still don't know how we're going to do that."

That program is only one facing legislators as they return. With a formidable deficit and a president still resistant to new taxes, many still resistant to new taxes, many legislators say they feel caught between constituents' expectations and fiscal realities, between the desire for new and expanded pro-

grams and the search for money to pay for them.

At town meetings across the country, people told legislators about their needs and wants, their worries over issues from illegal drugs to long-term nursing care. When the members of Congress talked back, their responses were usually couched with qualifications about the deficit.


"You know what I think the whole issue is for Congress when we get back?" asked Representative Charles E. Schumer, a New York Democrat. "Money. On 80 percent of the issues to come up this fall, there will be a general consensus that we ought to do some things and no consensus on whether we spend the money. And that's frustrating."

Those fiscal pressures will be felt almost immediately when the House begins to move on the budget reconciliation bill, which puts the 1990 budget into effect and which is stalled because of disagreement over whether to cut capital gains tax.

Those financial pressures will also drive a wide range of policy and political debates in the weeks

## The catalyst for the shift was Arnold Palmer. He looked like a blacksmith and played the game with an aggressive flair.

John Rooney, author



# OIL & MONEY

## A NEW DECADE-A NEW GROWTH ERA?

LONDON, OCTOBER 19-20, 1989

THE 10TH ANNUAL INTERNATIONAL HERALD TRIBUNE / THE OIL DAILY CONFERENCE

## OCTOBER 19

## KEYNOTE ADDRESS

H.E. Hisham Nasser, Minister of Petroleum and Mineral Resources, Saudi Arabia

## OUTLOOK FOR SUPPLY AND DEMAND AND PRICES

Dr. Robert Mahro, Director, Oxford Institute for Energy Studies, Oxford

## THE OUTLOOK FOR PRODUCER COOPERATION INTO THE 1990's

Arne Olsen, Minister of Petroleum and Energy, Norway

## THE GEOPOLITICS OF OIL

IRAN, IRAQ AND THE GULF STATES

Prof. Fred Halliday, Professor, International Relations, London School of Economics

## THE UNITED KINGDOM'S ENERGY POLICY

The Rt. Hon. John Wakeham M.P., Secretary of State for Energy, U.K.

## U.S. OIL COMPANIES' STRATEGIES

C.J. Shias, Chairman and Chief Executive Officer, Phillips Petroleum Company, Bartlesville, Oklahoma

## THE ENVIRONMENTAL CHALLENGE AND THE IMPACT ON THE OIL INDUSTRY

Dr. Nay Htan, Regional Director and Representative for Asia and the Pacific, United Nations Environment Programme, Thailand

## 10TH ANNIVERSARY DINNER — NATURAL HISTORY MUSEUM

Guest Speaker: Prof. Dr. Subroto, Secretary General of OPEC, Vienna. Co-sponsored with the New York Mercantile Exchange and the Rotterdam Energy Futures Exchange.

## OCTOBER 20

## KEYNOTE ADDRESS

H.E. Issam H. Chelabi, Minister of Oil, Iraq

## DEFICITS AND SURPLUSES — FOREVER?

Dr. Stephen Morris, Senior Fellow in Europe, Institute for International Economics, Paris

## MARKET PROSPECTS AND CORPORATE STRATEGY

L.C. van Wachem, Senior Group Managing Director, Royal Dutch/Shell Group of Companies, The Hague

## TECHNOLOGICAL CHANGE AND THE DECLINING COST TO THE OIL INDUSTRY

Jean Meo, President, Institut Français du Pétrole, Paris

## PROFIT OUTLOOK FOR THE WORLD OIL INDUSTRY THROUGH 1990

Thomas R. McElwee, Senior Economist, Drexel Burnham Lambert Trading Corporation, New York

## ENERGY POLICY OF THE BUSH ADMINISTRATION

W. Hanson Moore, Deputy Secretary of Energy, U.S.A.

## DE-REGULATION AND 1992: IMPLICATIONS FOR THE OIL AND GAS INDUSTRY

Antonio Cardoso e Cunha, Commissioner for Energy, European Commission, Brussels

## THE HIGHLIGHTS OF THE LAST 10 YEARS AND THE CHALLENGES OF THE NEXT 10 YEARS

Moderators: Dr. Herman T. Franssen, Economic Advisor to H.E. The Minister of Petroleum and Mineral Resources, The Sultanate of Oman. Nicholas G. Vofsi, Oil Consultant, London and The Hague.

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## Cambodia Factions Agree to Let UN Survey Angkor Wat

Washington Post Service

PARIS — For the first time in 20 years, all warring Cambodians have agreed to put politics aside and allow UNESCO to try to save the legendary temples at Angkor, endangered by nature, warfare and greedy antiquities thieves.

Officials said the most pressing task for UNESCO will be to make an immediate and complete inventory of the temples, as the first step to stopping the looting that is supported by antiquities dealers. Bands of looters are paid to go into the temples, top off pieces of statuary — in particular, heads — and carry them back across the border into Thailand to be sold at high prices.

"It is a modest beginning," said a source close to UNESCO, the United Nations Educational, Scientific and Cultural Organization. "We want to stop theft and destruction and begin technical training of the Cambodian staff for maintenance."

In modern Cambodia, Angkor is a national symbol, proof of Cambodia's special place in Southeast Asian history. The vast city of temples was built between the 9th and 13th centuries, then gradually abandoned as Cambodians converted to Buddhism.

During the period of French colonial rule, many of the temples were restored and were used to help piece together Cambodia's ancient history.

The now familiar towers of Angkor Wat became the symbol on every flag of independent Cambodia. Private reports have said this particular temple "faces a crisis of structural collapse."

UNESCO's successful negotiations with all the Cambodian factions was a byproduct of the recent

Paris peace conference that failed to bring the Cambodians together on any other issue.

For the record, UNESCO issued only a short statement saying Prince Norodom Sihanouk, as head of the resistance government recognized by the United Nations, had invited the UN's cultural arm to "undertake international coordination of activities for the safeguard and restoration of the Angkor monuments."

In fact, the agreement represents months of bargaining with Prince Sihanouk and the Phnom Penh government, which was originally installed by Vietnam. It included an on-site survey last May by a UNESCO team that was comprised of two of the world's leading experts on the site.

Their report of the extensive damage to the temples helped convince Prince Sihanouk to make his compromise. The prince agreed that the temples are "not only the heritage of the Khmer people, but of mankind."

Previously, Democratic Kampuchea, the coalition headed by the prince that includes the Khmer Rouge and another smaller resistance group, had refused to allow UNESCO into the Angkor complex unless the whole area was declared politically and militarily neutral.

UNESCO's previous director, Amadou Mahtar Mbow, accepted those terms. But the Phnom Penh government, which actually controls the temples, said that although it wanted to invite UNESCO to oversee protection and restoration of the temples, it refused to give up sovereignty over Angkor.

— ELIZABETH BECKER



IT'S SQUARE, AND IT'S ART — In a Tokyo gallery a contemporary artist, Tomoyuki Ono, displayed his latest creations: watermelons that he has persuaded to grow into square shapes. They also fit more easily into refrigerators, he says.

## NONALIGNED: Neutral Again

(Continued from page 1)

Soviet Union in measures to ease international tension.

In a departure of comparable significance, the document omits criticism of Israel and Zionism and fails to denounce South Africa by name. It condemns apartheid without mentioning the country that practices it.

The absence of criticism of Israel was the most surprising because Monday's session marked the seating of Yasser Arafat for the first time out as head of the Palestine Liberation Organization but as "president of Palestine." Since the last summit meeting, which was held in Zimbabwe in 1986, the PLO has formed a government.

The Belgrade statement is only 10 pages long and largely pragmatic in approach and tone. Moreover, it contains statements on issues not formerly included.

For the first time, a Yugoslav

official directly involved in the conception of the paper said, the declaration includes a paragraph specifically upholding human rights and freedom. It also supports women's aspirations to recognition of their rights.

Another new feature is a call for the protection of the environment as "a major global concern."

Perhaps because of the diminished radicalism of the movement, some of its most radical leaders are not attending. Presidents Saddam Hussein of Iraq, Hashemi Rafsanjani of Iran and Fidel Castro of Cuba are represented at a lower level.

However, Colonel Moammar Gadhafi of Libya is present, although he arrived early on a hot late for the opening ceremonies, after a scuffle at the entrance between Yugoslav security men and his own bodyguards, including a young woman.

## Hun Sen Turns His Back on Sihanouk

By Elizabeth Becker

Washington Post Service

PARIS — The Cambodian prime minister, Hun Sen, voicing for the first time strong criticism of Prince Norodom Sihanouk's role at the recent international peace conference on Cambodia, has suggested that he can no longer reach a power-sharing accord with the prince.

"I've been fooled by Prince Sihanouk for almost two years," Mr. Hun Sen said. "I have to be honest and examine whether I made the right or wrong assessment of Prince Sihanouk. I am very discouraged."

Many political analysts have said that an end to the 10-year-long Cambodian war depends on a rapprochement between Mr. Hun Sen and Prince Sihanouk, a former ruler of Cambodia who heads a three-party guerrilla coalition fighting the Vietnamese-installed Phnom Penh government. Without an agreement, analysts have predicted that the fighting in Cambodia will intensify.

Mr. Hun Sen and Prince Sihanouk have been negotiating for peace since December 1987. At a recent meeting in Jakarta, they seemed to agree on a power-sharing arrangement if Mr. Hun Sen would allow a multiparty system in Cambodia. A month-long Paris peace conference ended last week, however, without a solution.

Mr. Hun Sen said he had expected the conference to be the culmination of his negotiations with the prince. "We made steps forward," he said of the earlier talks. "Now we have taken as many steps backward."

Diplomats have said the conference was stalemated on power-sharing among the four Cambodian factions and the role in a future government of the Khmer Rouge, a member of the resistance coalition.

Not only was there no political agreement between the Cambodian factions at the conference, but what had earlier developed into a warm relationship between Prince Sihanouk and Mr. Hun Sen deteriorated into hostility and bitterness.

He said he had told Foreign Minister Roland Dumas of France, who was the conference co-president, that "as long as there is no clarification on measures to prevent the return of the Pol Pot regime, I could not say anything for future negotiations."

"If you regard me as stubborn about the Khmer Rouge, Pol Pot regime, you are right," he said.

Many diplomats said that Mr. Hun Sen was so stubborn at a conference that he passed up an opportunity to test China's new openness. Western conference delegates said China, the Khmer Rouge's main supporter, had been willing to drop its demand that the Khmer Rouge have an equal role

with the two other resistance groups and the Hun Sen administration in a post-war government, and accept a smaller role.

Prince Sihanouk has also insisted on a role for the Khmer Rouge in a coalition government to rule in Phnom Penh prior to elections, saying it was the best way to monitor the group.

When asked what he would do if the Khmer Rouge launched an offensive and reached Phnom Penh, Mr. Hun Sen said he hoped that the international community would approve sending in "nearby" troops, presumably Vietnamese.

**Cambodian Seat Vacant**

Cambodia's membership in the nonaligned movement will remain vacant as long as there is no solution to the conflict, Foreign Minister Ali Alatas of Indonesia, speaking before the opening of the movement's conference in Belgrade, said Monday, according to Agence France-Press.

## INSIDER: A Fugitive Reform Leader Describes Beijing's Power Struggle

(Continued from page 1)

Peel for support from Chinese living abroad, he said.

"We would have liked to have the organization to the United States," said Mr. Chen. "But the United States government has appeared to be reluctant to grant visas to dissidents and to help us be effective politically, while France has been very helpful."

President George Bush imposed limited sanctions on China to protest the crackdown on dissent.

Mr. Chen said that if the United States "ceases its sanctions against China, that is oxygen for Li Peng's government, and a bad investment for America because Li Peng's government cannot last long. Anything that strengthens the central government is bad. Anything that strengthens provincial and local authorities who support reform should be done. It is these authorities, not the central government, that now believe in reform."

The central government "will be unable to handle the very bad economic situation that China now faces," he asserted.

Inflation in the first five months of the year in China's urban areas was running at an annual rate of 32 percent and at 28 percent for the country as a whole, Mr. Chen said. He predicted that efforts by Mr. Li and other hard-liners to strengthen the role of central planning and de-emphasize market reforms would lead to a shortage of consumer goods and a drop in gross national product in the months to come.

In a rare on-the-record confirmation of bitter battles within the

Politburo between those who favored a return to stronger state planning and more stringent socialism and the reformers, Mr. Chen said the reformers knew after the 13th party congress in 1987 that they could not count on the full support of China's senior leader, Deng Xiaoping.

Mr. Deng told the congress that central planning and market forces both were necessary for China's economic future. He also allowed the conservatives to block the calls of Mr. Zhao, who had just been shifted from prime minister to party general secretary, for liberalizing ownership of property.

"On the surface, it appeared the congress had adopted the reform program," Mr. Chen said. "But the reactionaries were able to put their people into the government and get

hold of economic policy since Zhao was no longer prime minister. Zhao did not have the contacts to really run the party. We knew then that the political and economic reforms had reached a dead end."

In Mr. Chen's view, Mr. Li used the spring demonstrations to turn Mr. Deng against Mr. Zhao, who fought back by urging restraint and greater liberalization to regain public confidence. It was Mr. Zhao who told the party ideology chief, Hu Qili, in early May to tell the nation's newspaper and broadcast media to provide accurate and full accounts of the demonstrations, according to Mr. Chen.

The struggle came to a head at the Politburo meeting of May 17, when Mr. Zhao made an impassioned plea against Mr. Li's plan to declare martial law, Mr. Chen said.

But Mr. Zhao himself came under attack by the hard-liners for mishandling the economy and splitting the party over the students. When the vote went against him on martial law, Mr. Zhao resigned, according to Mr. Chen, who would have been in a position to receive a detailed briefing on the meeting.

Mr. Chen said he felt that Mr. Deng was ambivalent about punishing Mr. Zhao as harshly as the hard-liners want. He said Mr. Deng had told Mr. Zhao that he would be allowed to remain on the party's Central Committee if, at a Politburo meeting June 18, he would admit he was wrong.

But Mr. Zhao reportedly spoke without making the self-criticism, and Beijing announced later that month that he had lost all party positions and might face trial.

## CHINA: Culture Minister Wang Meng Is Dismissed

(Continued from page 1)

years to a remote desert area, where he was forbidden to write.

The mao who restored Mr. Wang's reputation and his type-writer is the same man who, presumably, was involved in his downfall: Deng Xiaoping, China's senior leader. While Mr. Deng has not been seen in three months and is rumored to be ill, he is still believed to be in firm control.

Under Mr. Wang's tenure, China saw, at least until the crushing of the student movement on Tiananmen Square, a resurgence of artistic expression.

His restoration as culture minister in 1986 was hailed as a perma-

nent turning away from the repression of that revolution. At one point just before he was appointed, he told fellow writers that a "golden age" was at hand and that writers should not "go with the tide or follow the wind" but instead should follow their consciences. At the same time, he warned that writers could not stray too far off the socialist path, questioning the legitimacy of the party to rule over China.

**Hainan Leader Removed**

Chinese leaders have removed the governor of Hainan Province, the highest-level provincial official to be dismissed in a purge of associates of Mr. Zhao, according to reports from southern China. The Washington Post reported from Beijing.

Sources reached by telephone Monday in southern China said that Liang Xiang, 70, governor of the controversial island province of Hainan, was summoned to Beijing nearly two months ago and did not return.

Western diplomats said that Mr. Liang's removal would have implications for foreign investors and for China's economic revisions because Hainan had been slated to take the lead in experiments with capitalistic forms of trade and investment.

## Herald Tribune

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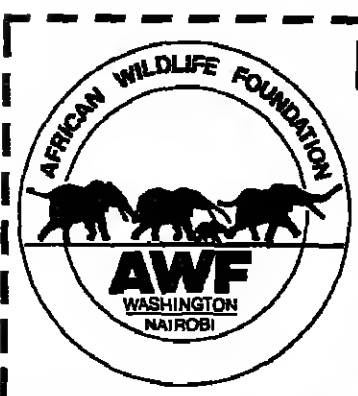
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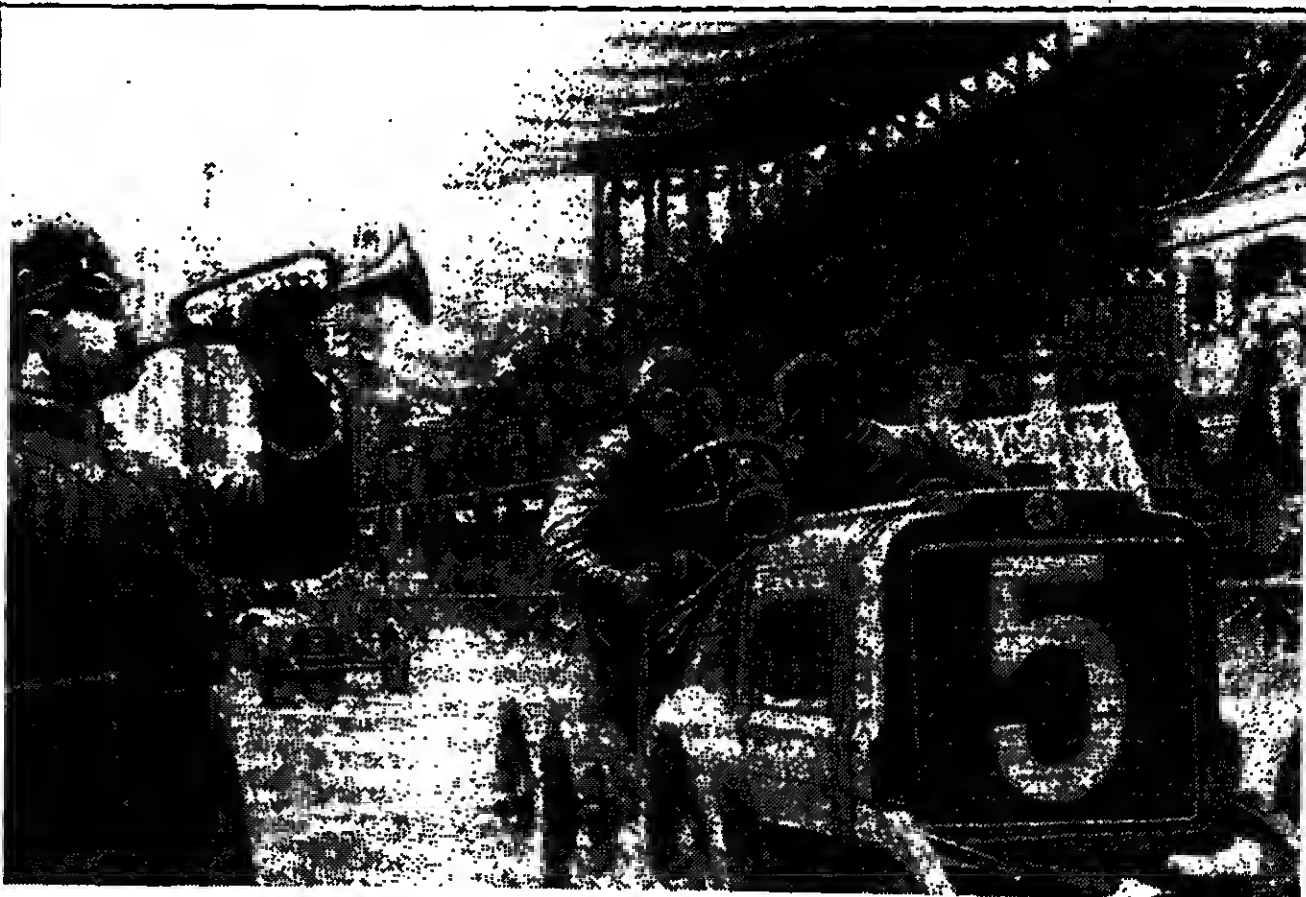
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## \*THE COUPE GORDON BENNETT 1989

The vintage car event of the year will be held Saturday/Sunday, September 9th and 10th at Bad Homburg (outside Frankfurt), West Germany. Organized by the Automobilclub von Deutschland (AvD), with the cooperation of BUGA (the West German National Horticultural Show), this traditional rally is co-sponsored by the International Herald Tribune and Michelin.

**Saturday, September 9th at 9 a.m.:**

The Gordon Bennett Rally, featuring vintage cars from all over Europe, will be run through the beautiful Taunus countryside — over the same course as the Gordon Bennett Cup Race of 1904 when Kaiser Wilhelm II gave the official start before a crowd of more than a million enthusiastic fans. This year's start will be at the Bad Homburg "Kurpark". The finish will take place in the afternoon in front of the Grand Hotel Maritim.

**Sunday, September 10th at 10 a.m.:**

A "Concours d'Elegance" and the official award ceremony will take place on the grounds of the world-famous National Horticultural Show in Frankfurt, followed by a "défilé" of vintage cars through the streets of the city.

It will be a memorable weekend. So, if you are within striking distance of Frankfurt, be sure to come and bring your family and friends.

\*James Gordon Bennett, Jr., the eccentric millionaire publisher, founded the European edition of his New York Herald on October 4, 1867. He was a keen sportsman; he introduced polo to the United States; he won the first transatlantic yacht race; he was the founder of automobile racing and of balloon racing. The Gordon Bennett Cup, which he first offered in 1900 to encourage the faster automobile industry, was the direct precursor of today's International Grand Prix races and was the object of enormous popular enthusiasm at the time. The trophy, which was officially known as the "Coupe Internationale Automobile" in line with Bennett's policy of forbidding the use of his own name in the pages of the Herald, today stands in the "Automobile Club de France" in Paris.

Herald Tribune



MICHELIN



## ARTS / LEISURE

## Men: Swinging Back With Tenderness

International Herald Tribune

**P**ARIS — The French fashion shows were fresh, fun and full of thought. For the first time in the avant-garde and the establishment, as with women's wear designers, is getting wider. Only the use of colors hot, strong and sweet, bridged the gap.

The advance guard has gone back to a straight and narrow silhouette last seen in the 1950s and early '60s. Pants are skinny, especially at the ankle. Jackets are cinched, high-buttoned, often collared. Ideas plucked from a recent

SUZY MENKES

past (causing gasps among staid, older members of the audience) were Yohji Yamamoto's baseball jackets from the Eisenhower era, Jean-Paul Gaultier's 1950s jersey shorts, Thierry Mugler's Carnaby Street suits, and Katharine Hammett's ultra-pointy shoes.

The more regular designers have just loosened and prettied up the line, with Yves Saint Laurent offering floral, smocked Liberty print evening shirts and Lanvin thinking pink in gingham.

The outstanding shows came from Claude Montana, whose poetic gradations of soft color received an ovation, and from Comme des Garçons, Issey Miyake and Yohji Yamamoto.

Rei Kawakubo at Comme des Garçons offered pretty colors and prints for men, but integrated with her architectural tailoring. A shirt bursting with tight pink rosebuds, cleanly cut in gossamer-fine linen and worn with baby-blue pants, expressed the new tenderness. Pale magenta checks and gingham, or sharper spring green and daffodil yellow, were used for easy-fit jackets, with a gently sloping shoulder line and buttons starting from the breastbone. A ribbed track suit cuff at the ankle tapered a soft pant.

Yohji Yamamoto entered a Field of Dreams, with his homage to 1950s America, played out to Arlo Guthrie music and the baseball anthems of every high-school kid's youth. The clothes were inspired by the baseball field: graphic sweaters in blocks of color, square cotton poplin zipper jackets and the low-slung pants, rounded on the hip but tapering at the ankle.

But great designers don't just look back. Yohji Yamamoto brought to his boxy jackets and narrow pants a graphic modern cut. This once austere design also had touches of wit, with Beware of the Dog animal appliqués and a stripe of braid down evening pants.

Issey Miyake gave us a long monastic robe that ran the length of his new showroom in the Place des Vosges. The food served up was garishly unnatural. The clothes were the opposite — fabrics with the textures of sanded wood and grass paper, and suede finishes in moss and apple green.

The Paris men's shows have spotlighted designers, like Miyake, who are artists with color. His final scene, played out entirely in shades of blue, was sublime.

Claude Montana also used spectra of color: sueded in sandy tones that played with the light and shade of a painted desert; prune and navy glowing dark; spicy orange and saffron yellow merged with heat and dust Indian colors; iridescent fabrics (a general Paris trend) gave life to moody blue suits.

The designer has a modern sense of luxury, using skin so that it ripples like silk and smudging it with eyelets for decoration. The line was loose, with a rounded shoulder, wide pants and with sweaters and jackets to the thigh.

Jean-Paul Gaultier tried hard to be outrageous, sending out models bandaged from head to toe under his 1950s bathing suits, slicing a pin-striped vest across one shoulder, and printing a plastic raincoat with a skeleton, like an X-ray.

Gaultier is a designer with his finger on fashion's pulse. His hooded sweatshirts will be hot fashion news. His revival of jersey for summer shorts looked fresh and fun after an overdose of cotton boxers. Subdued brown and ginger dominated the tailoring, which was high-

buttoned jackets and narrow pants. But seeping through the somber gray came a radiant sky blue. Melon, bluish pink and shrimp lit up the browns.

Both Katharine Hammett and Thierry Mugler saluted the 1960s — Mugler with Beatles suits, cardigan jackets and narrow pants in bright sherbert colors: mint green, lime, orange, mauve. Suits looked as though they had been drawn with a compass and casual wear in stiff cotton poplin looked like uniforms for motel bus boys.

Katharine Hammett harked back to the 1960s glory days, when sex was just good fun. But this was the Swinging Sixties reworked for the Nineties. The suits, which dominated the show, were mostly single-breasted, three-buttoned with tapered pants that are the new look for a new generation. They came in sweet pastels and in iridescent fabrics. Pale blue shiny T-shirts, stretched taut across the chest and tight at the shoulders, looked new after years of oversize. Hammett's version of male prettiness was a lacy shirt and her new denim dyed salmon and pistachio green, inset

with shiny plastic. And who would dare step on the models' pointed-toe suede shoes?

Bernard Sanz at Yves Saint Laurent defined the ethnic look as patterned sweaters and pants in a tapestry weave fabric that came up as a hot flame red or in sea blue checks. Other colors were coral, sky blue and sunshine yellow, which went with a romantic butterfly print for shirts and ties. Shapes at Yves Saint Laurent Rive Gauche were regular, with the square matelot tops and reefer jackets echoed in the suit jackets.

It has been a lean season for the tie. Patrick Lavoix at Lanvin gave us the Elvis Presley open-neck shirt as a lead line — a story that fitted his show of 1950s elegance.

Nino Cerruti sent out a young actor as his look-alike at the end of the show, wearing the designer's signature lemon yellow sweater across the shoulders.

This was a show of classics that

had caught the new fashion tide. Colors were asbathic green and powder blue among saffron, mustard and beige. The soft pyjama pants and loose overshirts came out at night in gauzy fabrics.

Real men may not dare to wear see-through pants. But they will surely respond to the new softness and sensitivity shown in Paris this season.

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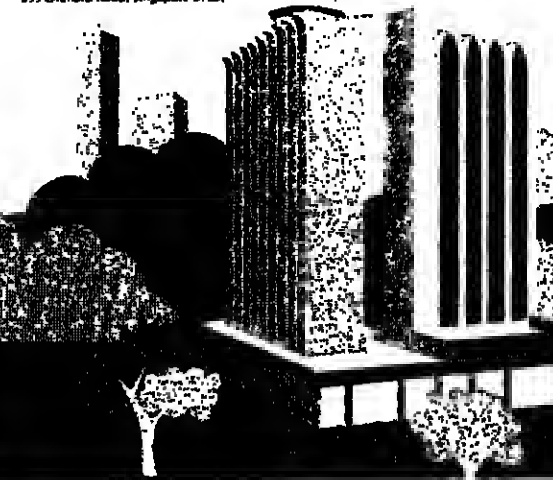
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Paris menswear shows, clockwise from top left: narrow pants for a 1960s suit by Katharine Hammett; Miyake overshirt in fancy weave; Gaultier's jersey shorts; a flowered evening shirt by Saint Laurent.

## In N.Y., Art's 'Window on Wonder City,'

By Richard F. Shepard

New York Times Service

**N**EW YORK — When you and I were young, Maggie, there were El trains over Third Avenue and Sixth Avenue, cafeterias that were social centers for the otherwise unoccupied, demonstrations in Union Square, burlesque on 42d Street and such mayors as Jimmy Walker and Fiorello H. La Guardia, who were nothing if not colorful, although not in the same way. That was a long time ago, 50

years back, but, art being art, it has not all vanished with time, and you can see it all hanging out on the main floor of the Museum of the City of New York.

There were hungry artists — sometimes one and the same — and they rushed to immortalize New York City, so enchanting a model, one that posed for no fee, in oils, drawings, sculptures and photographs.

This old New York has come out of the museum's copious collection.

Jan Seidler Ramirez, its curator of paintings and sculpture, has chosen 35 works that admirably seem to fit the show's title: "Window on Wonder City: New York in the World's Fair Era."

The idea is to let New Yorkers see what the place looked like from 1929 to 1945, when World War II ended and New York City was adjusting to the change from the Depression and war into a new era of prosperity and peace.

For New Yorkers of an age to

remember (often the age when it's hard to remember), the comparatively compact exhibition is like an installment of "This Is Your Life."

For New Yorkers whose familiarity with those times ranks with their memories of the Gallic Wars, it is surely a show that must arouse at least a shudder of primal memory at the different settings of a stage that somehow seems familiar.

All the artists are good, and some are better known than others.

Ben Shahn has two paintings here, "WCTU Parade" and "Parade for Repeal," studies for what was to have been a mural for the Central Park Casino. The Women's Christian Temperance Union demonstrators have a sharp non-nonsense rectitude about them. The repeal gentlemen, led by natty Jimmy Walker in the vicinity of a closed-down speakeasy whose frustrated patron stands thirstily outside, are Shawbird types, businessmen who easily mix profitable principle and bourgeois respectability.

Reginald Marsh's affinity for plebeian New York is exemplified twice.

"Harris Theater, New York" (1940) depicts the cheap flash of West 42d Street with its earthy women and men in front of the theater just opened as a legitimate movie house but was converted to Grade-B status.

"No. 6, the Bowery" (1944), an address at the corner of Doyers Street, now in Chinatown, depicts the devoted train curving over a shop whose sign is a huge shaving mug; No. 6, the caption says, was the site of the Olufsen pharmacy, said to be the oldest drugstore in the country.

Chinatown, a curious, diminutive enclave a half-century ago, also caught the eye of James W. Kerr, whose 1931 oil "In Chinatown, New York City" takes in Mott Street from the window of the Port Arthur Restaurant, a slice of street life that but for one Chinese sign could be any mundane working-class New York neighborhood.

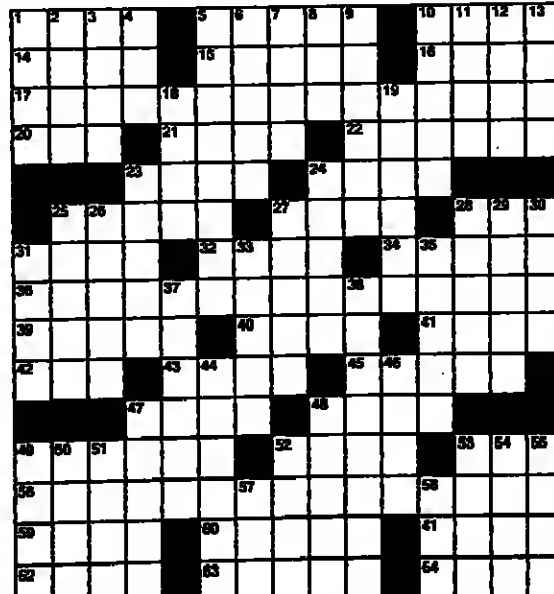
"Interior of the New York Stock Exchange, October 29, 1929" is a pen-and-ink by Samuel Caham, who was there on the day of the market's collapse and drew the scene for the next day's paper. The artwork will be on view through Jan. 14.

## ACROSS

- 1 Snug
- 5 Indonesia's — Islands
- 10 Pilgrimage to Mecca
- 14 Fired
- 15 Like the walls at Harvard
- 16 Part of the eye
- 17 Richard Thomas film 1970
- 20 Printers' measures
- 21 Hawaiian necklaces
- 22 Heals excessively
- 23 Oso buco ingredient
- 24 A long time
- 25 Dexter, e.g.
- 27 Cousin of a frat house
- 28 Baden-Baden, for one
- 31 Arab potentate
- 32 Give the eye, evilly
- 34 Gone, as a dinner
- 36 Al Pacino film 1975
- 38 Moral principle
- 40 E. Caldwell's "Tobacco"
- 41 Mrs. Charles Chaplin
- 42 Seine
- 43 Competent
- 45 Breathes laboriously
- 47 Andy's radio partner
- 48 Assistant
- 49 Paving customs
- 52 Teen's skin wa
- 53 Reverence plus

## DOWN

- 1 Give a hoo!
- 2 Yoked animals
- 3 Last letters in London
- 4 N.F.L. gains
- 5 Once every 24 months
- 6 Benefit
- 7 Units of luminous intensity
- 8 E.M.K. is one
- 9 Romeo, 10 Juliet
- 10 Province in China
- 11 Advice, in Arlecchino
- 12 Fender bender
- 13 Barbs
- 14 "Fish Magic" painter
- 15 Playing guest
- 23 Composer of "La forza del destino"
- 24 Heart artery
- 25 Struck sharply
- 26 Stingy
- 27 Author of "Robinson Crusoe"
- 28 Small porch
- 29 Menial workers
- 30 Tolstoy's — "Karamazov"
- 31 First place
- 33 House of Lords group



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ISSUE NOMO THEM  
SLANT SOIL ERIC  
TOUGHNUTTOCRACK  
EWES ROE  
ASSERT WAS POT  
GAPS PRIDE ARI  
CLOSEBUTNOICIGAR  
AER LARES OATE  
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13th Nat'l	9/11/89	99.98	100.00
14th Nat'l	9/11/89	99.98	100.00
15th Nat'l	9/11/89	99.98	100.00
16th Nat'l	9/11/89	99.98	100.00
17th Nat'l	9/11/89	99.98	100.00
18th Nat'l	9/11/89	99.98	100.00
19th Nat'l	9/11/89	99.98	100.00
20th Nat'l	9/11/89	99.98	100.00
21st Nat'l	9/11/89	99.98	100.00
22nd Nat'l	9/11/89	99.98	100.00
23rd Nat'l	9/11/89	99.98	100.00
24th Nat'l	9/11/89	99.98	100.00
25th Nat'l	9/11/89	99.98	100.00
26th Nat'l	9/11/89	99.98	100.00
27th Nat'l	9/11/89	99.98	100.00
28th Nat'l	9/11/89	99.98	100.00
29th Nat'l	9/11/89	99.98	100.00
30th Nat'l	9/11/89	99.98	100.00
31st Nat'l	9/11/89	99.98	100.00
32nd Nat'l	9/11/89	99.98	100.00
33rd Nat'l	9/11/89	99.98	100.00
34th Nat'l	9/11/89	99.98	100.00
35th Nat'l	9/11/89	99.98	100.00
36th Nat'l	9/11/89	99.98	100.00
37th Nat'l	9/11/89	99.98	100.00
38th Nat'l	9/11/89	99.98	100.00
39th Nat'l	9/11/89	99.98	100.00
40th Nat'l	9/11/89	99.98	100.00
41st Nat'l	9/11/89	99.98	100.00
42nd Nat'l	9/11/89	99.98	100.00
43rd Nat'l	9/11/89	99.98	100.00
44th Nat'l	9/11/89	99.98	100.00
45th Nat'l	9/11/89	99.98	100.00
46th Nat'l	9/11/89	99.98	100.00
47th Nat'l	9/11/89	99.98	100.00
48th Nat'l	9/11/89	99.98	100.00
49th Nat'l	9/11/89	99.98	100.00
50th Nat'l	9/11/89	99.98	100.00
51st Nat'l	9/11/89	99.98	100.00
52nd Nat'l	9/11/89	99.98	100.00
53rd Nat'l	9/11/89	99.98	100.00
54th Nat'l	9/11/89	99.98	100.00
55th Nat'l	9/11/89	99.98	100.00
56th Nat'l	9/11/89	99.98	100.00
57th Nat'l	9/11/89	99.98	100.00
58th Nat'l	9/11/89	99.98	100.00
59th Nat'l	9/11/89	99.98	100.00
60th Nat'l	9/11/89	99.98	100.00
61st Nat'l	9/11/89	99.98	100.00
62nd Nat'l	9/11/89	99.98	100.00
63rd Nat'l	9/11/89	99.98	100.00
64th Nat'l	9/11/89	99.98	100.00
65th Nat'l	9/11/89	99.98	100.00
66th Nat'l	9/11/89	99.98	100.00
67th Nat'l	9/11/89	99.98	100.00
68th Nat'l	9/11/89	99.98	100.00
69th Nat'l	9/11/89	99.98	100.00
70th Nat'l	9/11/89	99.98	100.00
71st Nat'l	9/11/89	99.98	100.00
72nd Nat'l	9/11/89	99.98	100.00
73rd Nat'l	9/11/89	99.98	100.00
74th Nat'l	9/11/89	99.98	100.00
75th Nat'l	9/11/89	99.98	100.00
76th Nat'l	9/11/89	99.98	100.00
77th Nat'l	9/11/89	99.98	100.00
78th Nat'l	9/11/89	99.98	100.00
79th Nat'l	9/11/89	99.98	100.00
80th Nat'l	9/11/89	99.98	100.00
81st Nat'l	9/11/89	99.98	100.00
82nd Nat'l	9/11/89	99.98	100.00
83rd Nat'l	9/11/89	99.98	100.00
84th Nat'l	9/11/89	99.98	100.00
85th Nat'l	9/11/89	99.98	100.00
86th Nat'l	9/11/89	99.98	100.00
87th Nat'l	9/11/89	99.98	100.00
88th Nat'l	9/11/89	99.98	100.00
89th Nat'l	9/11/89	99.98	100.00
90th Nat'l	9/11/89	99.98	100.00
91st Nat'l	9/11/89	99.98	100.00
92nd Nat'l	9/11/89	99.98	100.00
93rd Nat'l	9/11/89	99.98	100.00
94th Nat'l	9/11/89	99.98	100.00
95th Nat'l	9/11/89	99.98	100.00
96th Nat'l	9/11/89	99.98	100.00
97th Nat'l	9/11/89	99.98	100.00
98th Nat'l	9/11/89	99.98	100.00
99th Nat'l	9/11/89	99.98	100.00
100th Nat'l	9/11/89	99.98	100.00

## London Commodities

Commodity	Close	High	Low	Prev
SUGAR	24.00	24.00	24.00	24.00
Cocoa	1,200.00	1,200.00	1,200.00	1,200.00
Coffee	150.00	150.00	150.00	150.00
Wheat	100.00	100.00	100.00	100.00
Barley	80.00	80.00	80.00	80.00
Oats	60.00	60.00	60.00	60.00
Rice	40.00	40.00	40.00	40.00
Maize	30.00	30.00	30.00	30.00
Soybeans	20.00	20.00	20.00	20.00
Canola	10.00	10.00	10.00	10.00
Almonds	5.00	5.00	5.00	5.00
Walnuts	4.00	4.00	4.00	4.00
Peanut Oil	3.00	3.00	3.00	3.00
Sunflower Oil	2.00	2.00	2.00	2.00
Vegetable Oil	1.00	1.00	1.00	1.00
Crude Oil	0.50	0.50	0.50	0.50
Natural Gas	0.20	0.20	0.20	0.20
Heating Oil	0.10	0.10	0.10	0.10
Gasoline	0.05	0.05	0.05	0.05
Propane	0.02	0.02	0.02	0.02
Electricity	0.01	0.01	0.01	0.01
Water	0.00	0.00	0.00	0.00
Waste	0.00	0.00	0.00	0.00
Recycling	0.00	0.00	0.00	0.00
Metals	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Silver	0.00	0.00	0.00	0.00
Copper	0.00	0.00	0.00	0.00
Aluminum	0.00	0.00	0.00	0.00
Steel	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Zinc	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Iridium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.00
Arsenic	0.00	0.00	0.00	0.00
Bismuth	0.00	0.00	0.00	0.00
Cadmium	0.00	0.00	0.00	0.00
Chromium	0.00	0.00	0.00	0.00
Cobalt	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.00
Arsenic	0.00	0.00	0.00	0.00
Bismuth	0.00	0.00	0.00	0.00
Cadmium	0.00	0.00	0.00	0.00
Chromium	0.00	0.00	0.00	0.00
Cobalt	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.00
Arsenic	0.00	0.00	0.00	0.00
Bismuth	0.00	0.00	0.00	0.00
Cadmium	0.00	0.00	0.00	0.00
Chromium	0.00	0.00	0.00	0.00
Cobalt	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.00
Arsenic	0.00	0.00	0.00	0.00
Bismuth	0.00	0.00	0.00	0.00
Cadmium	0.00	0.00	0.00	0.00
Chromium	0.00	0.00	0.00	0.00
Cobalt	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.00
Arsenic	0.00	0.00	0.00	0.00
Bismuth	0.00	0.00	0.00	0.00
Cadmium	0.00	0.00	0.00	0.00
Chromium	0.00	0.00	0.00	0.00
Cobalt	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.00
Arsenic	0.00	0.00	0.00	0.00
Bismuth	0.00	0.00	0.00	0.00
Cadmium	0.00	0.00	0.00	0.00
Chromium	0.00	0.00	0.00	0.00
Cobalt	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.00
Arsenic	0.00	0.00	0.00	0.00
Bismuth	0.00	0.00	0.00	0.00
Cadmium	0.00	0.00	0.00	0.00
Chromium	0.00	0.00	0.00	0.00
Cobalt	0.00	0.00	0.00	0.00
Gold	0.00	0.00	0.00	0.00
Iron	0.00	0.00	0.00	0.00
Lead	0.00	0.00	0.00	0.00
Nickel	0.00	0.00	0.00	0.00
Platinum	0.00	0.00	0.00	0.00
Palladium	0.00	0.00	0.00	0.00
Rhodium	0.00	0.00	0.00	0.00
Rosmium	0.00	0.00	0.00	0.00
Osmium	0.00	0.00	0.00	0.00
Antimony	0.00	0.00	0.00	0.0



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INTERNATIONAL STOCK MARKETS

Can Jakarta Take the Pace  
Of Its Latest Dizzy Boom?

By ELIZABETH PISANI

JAKARTA — Jakarta's tiny stock market is shooting through the roof, and analysts wonder if its creaky framework of regulation can take the pace. Finance Minister Johannes Sumartini has said that he recognizes the growing pains, but that they would be dealt with in new measures to protect investors and smooth out market distortions.

Vague promises, one analyst responded. Looking for openings in high-growth Asia, investors have kept a close eye on Indonesia, believing its solid export-based growth and sound economic management make for a healthy future.

The problem was that there was almost nothing to buy. Of the 24 shares listed since 1984, eight were open to foreign investment.

But a spate of recent deregulation brought companies rushing to the market — 15 in the last four months, with 43 more pending on regulators' doors wanting to get in.

And with the new shares have come investors. Turnover jumped to an average of 807,432 shares a day in August, four times the level in July. The market index zoomed to a record 478.8 on Sept. 1, up 48 percent in one month. Hong Kong-based fund managers are pouring money in, and Japanese institutional investors are expressing interest, according to brokers and investment bankers.

Outsiders are competing with Indonesians who, seduced by the widely publicized success of recent issues, are descending on underwriters to snap up applications forms, sometimes trading just the forms for up to 300,000 rupiah (\$169).

The market's promoters, led by Marzuki Usman, who heads the government's capital markets agency, known as Bapepam, have clearly been successful; but they are also the market's regulators.

Analysts question whether they can do both jobs effectively. "They used to regulate to death, and there was no trading," said a financial analyst. "Now they don't regulate worth a damn. Things are booming, but sooner or later something will blow."

M. MARZUKI dismisses this with a wave of the hand. "Regulation, regulation, that's all I hear. We want less of it, not more," he said. But investors are not so sure. "Vagueness over what shares foreigners could buy made the government look indecisive."

Antiquated trading procedures need work, and all agree the Jakarta exchange needs to be computerized. With share prices doubling from their issue levels on the first day of trading, investors do not appear to worry too much about clumsy procedure and long settlement periods.

"Fundamentals? Pahl! Just get me something in Indonesia," is how one stockbroker described his overseas clients' attitudes. Investors are so keen to get in, they are paying up front for all the shares they apply for.

The underwriter sits on this cash until about a week after allotment, when it pays for shares or gets returned. Meanwhile, he accrues around 12 percent annual interest.

The recent issue of stock in United Tractors, which was more than 60 times oversubscribed, would have left underwriters sitting on more than \$500 million worth of investors' money. Not an incentive to speed up paperwork, analysts point out.

"At the moment everyone is making enough money, they don't care," said Mr. Marzuki. "When they start complaining too loudly the underwriters will do something. Why should we regulate?"

The financial adviser answered that: "Because all it takes is for one new-issue company to go belly up, for one broker to overextend himself, and bang, you lose all the progress."

Currency Rates

Currency	Sept. 4	Sept. 1	Sept. 4	Sept. 1	Sept. 4	Sept. 1
Australian dollar	1.231	1.231	1.231	1.231	1.231	1.231
Canadian dollar	0.708	0.708	0.708	0.708	0.708	0.708
Deutsche mark	1.544	1.544	1.544	1.544	1.544	1.544
French franc	6.545	6.545	6.545	6.545	6.545	6.545
Italian lira	1,376	1,376	1,376	1,376	1,376	1,376
Japanese yen	163.7	163.7	163.7	163.7	163.7	163.7
Swiss franc	1.483	1.483	1.483	1.483	1.483	1.483
U.S. dollar	1.000	1.000	1.000	1.000	1.000	1.000

Interest Rates

Currency	Rate	Rate	Rate	Rate
1-month	7.00	7.00	7.00	7.00
3-month	7.00	7.00	7.00	7.00
6-month	7.00	7.00	7.00	7.00
1-year	7.00	7.00	7.00	7.00

Iacocca Is Likely to Leave Chrysler at End of 1991

By Doron P. Levin

DETROIT — Lee A. Iacocca, who guided the third-largest U.S. automaker from near ruin to prosperity, has said that he has all but decided to leave the chief executive's post at Chrysler Corp. at the end of 1991, when his four-year contract expires.

Mr. Iacocca, 64, said he "might stay behind to help, but in a lower profile, on the board," for an unspecified time.

"I don't have to be the guy who pushes the buttons and runs things," he said.

Instead, he said, he wanted to work to improve the U.S. education system and to teach, possibly at Lehigh University in Bethlehem, Pennsylvania, where an institute on competitiveness bearing his name has been established.

And he wants to spend more time relaxing. "My kids have told me to slow down," Mr. Iacocca said in a recent interview at his office in Highland Park, Michigan. "I have slowed down. You've got to get out if you want to rest."

A Chrysler spokesman said Mr. Iacocca's comments did not constitute a formal retirement announcement, which would first be made to his family and company directors and employees.

After joining Chrysler as president in October 1978, Mr. Iacocca led the automaker from near bankruptcy to vigorous financial health.



Chrysler's chief executive, Lee Iacocca, "might stay behind to help, but in a lower profile, on the board."

But, lately, Chrysler has encountered one of the most competitive automotive markets in history. Both the company and its chief executive became embroiled in a bitter fight for the position of chairman of the board. Mr. Iacocca had been ousted from Ford Motor Co. by Henry Ford II.

During his tenure at Chrysler, he became one of the best-known businessmen in the United States, taking a starring role in Chrysler's advertising and telling his story in two best-selling books.

Last November, he shuffled Chrysler's top management, abolishing a five-man corporate executive committee and consolidating Gerald Greenwald's position as Mr. Iacocca's apparent successor. Mr. Greenwald, who will be 54

reports from top Chrysler executives and engineers. Mr. Iacocca has kept his promise, delving into details like whether the corners are too round on future vehicle models and big issues, like the decision to build a \$1 billion engineering and research center at Auburn Hills, Michigan.

But the grueling schedule of a chief executive who also functions as a corporate symbol has clearly become, at times, onerous.

"What day is it today?" Mr. Iacocca asked in jest. "I'm feeling a little punchy." He said his recent itinerary included Malcolm Forbes' birthday party in Morocco, Chrysler's new-model introduction to 3,500 dealers in Reno, Nevada, and a review of car, truck and minivan designs at a styling studio in Carlsbad, California, followed by his return to Detroit.

Energetic and sharp-tongued, Mr. Iacocca approaches his 65th birthday on Oct. 25 very much the lion in winter, retaining a considerable zest for an industry he joined as a trainee at Ford 43 years ago.

Tom Gale, Chrysler's chief designer, said Mr. Iacocca still passed judgment on nearly every product emerging from Chrysler's styling studio, a process that often places his tastes in conflict with those of designers less than half his age.

"We were trying to make these

Ford Link  
For Saab  
Discussed

Sweden Carmaker  
Posts Large Loss

Compiled by Our Staff From Dispatches

STOCKHOLM — Saab-Scania AB, the Swedish conglomerate whose auto division is suffering mounting losses, said Monday that it was holding talks with Ford Motor Co. of the United States about possible cooperation.

The announcement lifted Saab's restricted A-shares on the otherwise weaker Stockholm stock exchange; the stock added 9 kroner to 335 kroner (\$35.37). The shares fell heavily Friday after reports about the car unit's problems, prompting the exchange authorities to ask Saab for an explanation.

"Because these discussions are still at an early stage," Saab said of its talks with Ford, "it would not be proper to speculate on their possible outcome." The company added that it had had contacts with other carmakers but did not identify them.

Earlier it was believed that Saab was talking to Fiat SpA of Italy, but Fiat denied this.

Also Monday, Saab announced that its auto division suffered a loss of 800 million kroner in the first half of 1989. A comparative figure for 1988 was not given.

The car division's financial performance, Saab said, would "continue at the same pace" for the balance of the year. Earlier, a report on Swedish Radio had said that the auto division faced losses of 2 billion kroner both this year and to 1990.

Saab-Scania said group pretax profit for the first half fell 30 percent to 902 million kroner, from 1.29 billion kroner the year before, on sales that rose 11.8 percent to 33.05 billion kroner from 29.62 billion.

"Overall, as we have said before, we expect a significant decline in results for the Saab-Scania group for the whole year," the company said in a statement.

Saab said that its truck division continued to perform well, with first-half sales rising to 8.7 billion kroner from 7.3 billion.

Saab-Scania's president, Georg Karnstedt, said the car division problem was "too small volumes with too high costs."

"In principle," he said at a press conference, "we would like to see a partner who could give us increased volumes in sales. Ford would give us this." But he said the company was also carrying out a rationalization plan in an attempt to "stand on its own feet."

"We do not expect this program to start helping our results before 1990 or 1991," Mr. Karnstedt said. The program includes plans to cut the work force by 1,500 to 2,000 people in order to cut costs.

Ford U.S. sales meant that the company had a stock of 3,000 unsold cars in the United States.

Mr. Karnstedt said he had been discussing a deal with Ford for some time. "Everything is at an early stage until the contract is signed. We've been talking to Ford for several months," he said.

Asked why Ford was interested in Saab-Scania, Mr. Karnstedt said. "In general terms a mass producer often has the need to associate itself with a top-of-the-line product. That could be one reason."

Analysts said that talks between Saab and Ford are more likely to center on joint development of a new car model than Ford taking an equity stake in the Swedish company.

"Certainly one of the things Saab can offer Ford is its advanced techniques in car building," said Ulf Helzen, an analyst at PKbanken. (Reuters, AP)

Industrielle Stock Soars  
As Raised Bid Expected

By Jacques Neher

PARIS — Compagnie Industrielle's stock, trading Monday on the Paris Bourse for the first time in a month, was quoted at 14,620 French francs (\$2,194), 12 percent above the price of about 13,000 francs offered Aug. 8 in the hostile bid made by Compagnie Financière de Suez.

Analysts said that while there was little stock traded, the price reflected the market's expectation that Suez would increase its 23.8 billion franc offer, already the biggest ever made in France.

Reinforcing that message, they said, was the market's continuing lack of interest in the shares of Groupe Vieoite, France's second-largest insurance company, which is 40 percent owned by Industrielle and is the prime target of the Suez bid.

Vieoite's stock fell 30 francs to 1,793, more than 10 percent under Suez's second, and increased. Offer price of 2,000 francs.

Suez's offer, which expires Sept. 18, is to buy the 81.5 percent of Industrielle stock it does not already own. If a majority of the stock is tendered, Suez, which already owns 30 percent of Vieoite, then would offer to buy the last 30 percent.

"The market is telling us that Suez

will raise its bid for Industrielle," said Erich Daehler, banking analyst with UBS/Phillips & Drew. "At the same time, with Vieoite falling, it's telling us that the bid, as structured, won't be successful."

A Suez spokeswoman had no comment, though, over the weekend, Renaud de la Genière, the chairman of Suez, said he saw no reason to raise the bid since there had been no counteroffer.

Jean-Marie Vernes, the chairman of Industrielle, on Friday backed away from making a counteroffer, instead choosing a strategy aimed at blocking Suez from getting a majority of Industrielle's shares.

In particular, he challenged Suez's offer price. He claimed that, a day before launching its public bid, Suez had offered him 16,000 francs a share for the 25.3 percent stake he controls in Industrielle through the Société Centrale d'Investissement.

Suez acknowledged the 16,000-franc offer, but said it had carried extended payment terms that would have made it equal to the 13,000-franc offer now on the table. Mr. Vernes denied there were any such terms.

While Industrielle's stock was quoted significantly higher than the offer price, only 8,000 shares changed hands — about one-half a

See SUEZ, Page 10



Montblanc's expensive Meisterstück fountain pens; Ink was being spilled on the bankers' Filofaxes.

Montblanc: A Leak Writ Large  
Cost-Cutting on Meisterstück Pens Wasn't a Masterstroke

By Warren Getler

International Herald Tribune

LONDON — The makers of the Montblanc fountain pen like to regard their product as the Rolls-Royce of writing instruments.

But, over the past year or two, the British-owned company's most expensive models — one of which retails at more than \$270 — have had a problem: they leaked.

Up-and-coming young bankers in the City were complaining that ink was being spilled on their Filofaxes. The company tried to keep a tight seal on the matter.

Executives at Montblanc-Simplo GmbH, the Hamburg-based subsidiary of the London-based conglomerate, Alfred Dunhill Ltd., say the problem has been corrected. But, they acknowledge, a number of leaky, Meisterstück 149 and 146 pens are still in circulation.

The genesis of the problem appears to be a case of cost-cutting gone awry.

According to Jürgen Cäsar, the Hamburg-based export-sales manager for Europe, executives at the Hamburg plants, where the gold-

tipped fountain pens have been made for eight decades, had been searching for ways to "increase output" of the fast-selling Meisterstück line.

To "produce at the standard of 15 years ago" in a much larger volume would have been uneconomical, he said in a telephone interview. So, the company decided to seek ways to "cut down on costs and overhead," and changed the "standard" of a certain part of the delicate pen, called the forepart or

See PENS, Page 11

U.S. Cites 6 Japanese Practices for Trade Surplus

Compiled by Our Staff From Dispatches

TOKYO — U.S. officials criticized six aspects of the Japanese economic system on Monday and urged the country to quickly correct its policies and reduce its large trade surplus.

U.S. representatives complained during trade talks about everything from Japan's complex goods-distribution system to its excess savings, arguing that limits on consumption discouraged imports. The Americans said the problems threatened the relationship between the two countries.

"We urged them to solve them quickly," said one U.S. participant in the talks, who asked not to be identified. "Success," he said, "is vital to our bilateral relationship."

Monday's talks were the first in a series of discussions planned over the next nine months. The talks are targeted at the causes of the huge trade surpluses that Japan runs with the United States, on the order of \$50 billion per year.

The nine-hour session lasted one-and-a-half hours longer than planned and was taken up with U.S. criticism of Japan. On Tuesday, Tokyo will have its chance to attack U.S. economic faults.

The U.S. participants listed six Japanese policies as trade impediments on Monday:

• Excess savings. The United States argued the Japanese government is needlessly running a budget surplus, limiting consumption and thus imports.

• Inefficient land use. America wants Japan to do away with tax

laws and regulations it says keeps land idle. One negotiator mentioned increasing Japanese leisure time and using some land for recreational purposes. Increased time away from work is seen as boosting consumption and imports.

• The complicated goods distribution system. American observers have said Japanese goods go through four wholesale distributors, compared with fewer than two in the United States. The large number of small stores also makes it hard for foreign companies to enter the market, U.S. representatives said.

• Pricing mechanisms that discourage consumption. "We wonder," said one American, "why products made in Japan are typically much less expensive in the United States than they are in Japan." Last year, Japan's Economic Planning Agency found that compact cars cost 64 percent more in Tokyo than in New York, and color televisions 100 percent more.

• Exclusive business practices, such as bid-rigging by construction companies and group boycotts.

• The keiretsu system, which links Japanese companies in large industrial groupings bound by business ties. Critics charge that it impedes foreign sales efforts in Japan and hinders imports.

The U.S. participants portrayed themselves as friends of American businessmen and Japanese consumers in arguing for fundamental changes in Japan's economy. They said Japanese people would have a greater choice of goods at lower prices if the country adjusted its policies.

The United States has in recent years let the dollar collapse in value while its trade negotiators have tried to get Japan to import more American products. But despite some progress, the trade deficit with Japan remains about what it was in 1985. In May, the United States proposed the new negotiations.

"Washington clearly expects something dramatic from these talks," said Joseph A. Grimes Jr., a former president of the American Chamber of Commerce in Tokyo. "It may happen if there is a friendly effort by both sides. The problem

is, it's always easier to solve someone else's problem than your own."

In the past, Japan has listed structural impediments in the United States that it blames for America's poor export performance. Among these are the huge deficit, the low savings and investment rate and the failure to support research and development, and education.

In Japan's view, these practices have led America to squander its future. It sees American corporations as being too concerned with quick profits and leveraged buyouts and not investing in the production

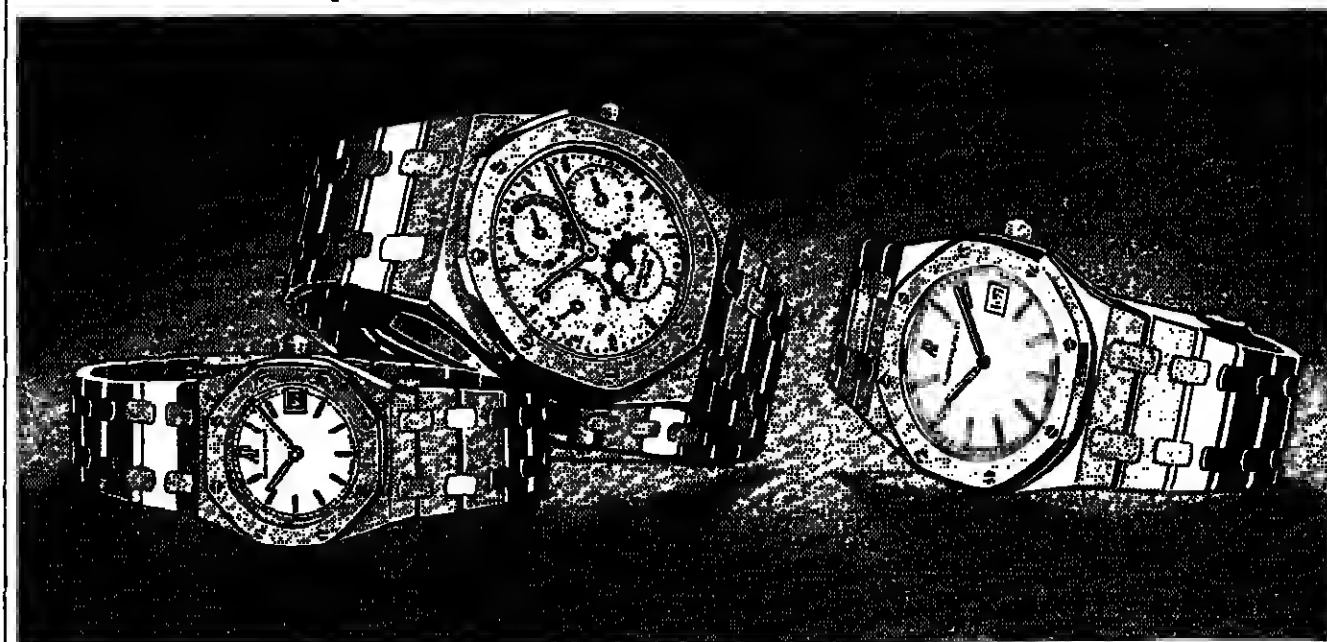
of goods and services for quality-conscious Japanese consumers.

The talks on these and other structural issues are to include officials of the U.S. State Department, the Treasury and the Office of the United States Trade Representative and Japanese officials in the ministries of Foreign Affairs, Finance and International Trade and Industry.

The two sides have agreed to an interim statement next spring setting out the progress they have made and a final report next summer detailing future actions planned. U.S. officials said.

(Reuters, NYT)

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# How Third World Services Boom Aids Free Trade

By Clyde H. Farnsworth  
New York Times Service

WASHINGTON — Tens of millions of television viewers in more than 100 countries have followed the adventures of a sultry 19th century Brazilian slave named Isaura, who endures all sorts of adversity after falling in love with her master's son, but eventually triumphs.

"It's our old 'Dallas,'" said Jorge Adib, managing director of Globo International, producer of the series "Slave Isaura." Globo earned \$15 million from sales of this and other "telenovelas" last year, and expects to earn \$20 million this year, he said.

Brazil, which has other telenovela exporters besides Globo, is among the growing number of developing countries that are finding gold in the export of services, a trend that is likely to have significant implications for the world trading system.

The Third World's increasing stake in nonmanufacturing activities — like data processing, engineering and construction, computer software, advertising and tourism, as well as entertainment — is giving impetus to world trade liberalization, many trade officials said.

Developed countries, led by the United States, have long pressed for such liberalization, but until now developing countries had resisted. Curbing barriers in services trade is one of the main goals of the 106-nation

Uruguay Round of negotiations within the General Agreement on Tariffs and Trade that is scheduled to wind up next year.

Third World services exports have grown to a point where, some private estimates contend, they account for a quarter of the \$500 billion-a-year services-trade volume. As a result, many developing countries have a rising interest in knocking down barriers to encourage exports.

"We now have coalitions of interest cutting across the old dividing lines between north and south," said Arthur Dunkel, director-general of GATT.

Interviewed at a recent Aspen Institute Forum on the United States and the World Economy, Mr. Dunkel predicted that a "substantial agreement" would be reached next year, reflecting the "happy coincidence" of the greater reliance on market forces in developing countries and the services boom.

India, for instance, turns out nearly twice as many feature films as Hollywood and earns what is estimated to be more than \$100 million a year exporting many of them, especially to the Middle East.

Travelers report Indian film posters plastered in cities like Casablanca, Amman, Cairo and Damascus. Arab taxi drivers even hum Indian film tunes. The sharing of such customs between Indian and Islamic societies and similarities in beat and tonality between

Indian and Middle East music are among factors cited for India's market penetration.

India and the Philippines are among the leading exporters of computer software. Indian software companies like Tata Consultancy Services of Bombay, with an office in New York, are making inroads in both the United States and Europe.

Arthur Andersen & Co., the large U.S. accounting and consultancy concern, has a Manila affiliate employing 400 employees who help organizations in the United States and Europe develop computer systems.

"If a client needs specialized software for whatever functions, we can develop that software in Manila and transmit it," said Charles P. Heister, a principal at the company.

Although their pay is high by the standards of the Philippines, Filipino programmers earn about a quarter of the pay of American programmers. Developing countries like the Philippines benefit from the ability to move large amounts of information cheaply and efficiently over long distances.

"The information revolution has made many more information-based services tradable," said Geza Feketekuty, a services-trade expert in the Office of the U.S. Trade Representative.

In Manila, Jamaica, South Korea and Taiwan, for instance, workers code and convert information into machine-readable form for

many multinational companies based in the United States.

In some parts of the Third World, particularly the newly industrialized countries of Asia, the services sector is actually growing more rapidly than manufacturing.

Unlike goods, trade in services is not covered by international rules of fair play. Thus, at their discretion, countries can block services imports unilaterally without risk of international reaction.

India and Malaysia bar foreign insurance companies, for example. Indonesia excludes foreign law firms. South Korea has severe limitations on imports of legal, financial and other professional services as well as advertising, maritime, transportation and telecommunications.

U.S. trade negotiators are trying to persuade developing countries that while they all want to export services, those countries have more to gain than to lose in importing services that will help them run their economies more efficiently.

Still, there is great resistance, said Richard B. Self, an assistant trade representative who is one of the top U.S. negotiators.

"Developing countries are preoccupied with the domination of the multinationals," he said. "They're afraid of being colonized." Mr. Self predicted that "getting down to a common denominator will be awfully tough."

# U.K. Banks Seek Mexico Debt Plan

Reuters

LONDON — British commercial banks have asked the Bank of England to consider issuing zero-coupon government bonds that could be used to back a sterling element of the current debt proposal being hammered out by bankers and Mexico.

A Bank of England official confirmed Monday that such an approach had been made, but he declined to comment further. Banking sources said that the central bank's response to the proposal was, at best, lukewarm.

Under the terms of the Mexican debt proposal — part of the Brady Plan, after U.S. Treasury Secretary Nicholas F. Brady — commercial banks were given a choice of three options to reduce Mexican debt. Two involve the exchange of debt for bonds. Under the third, banks would grant new loans to Mexico, equaling 25 percent of their exposure over four years.

British banks have already voiced their reluctance to extend more new money and so are looking at the two debt-for-bonds options. Their idea is to use zero-coupon bonds to secure principal

and interest on the bonds over a rolling 18-month period.

Mexico owes an estimated \$500 to \$750 million (\$321 to \$482 million) to British commercial banks, out of a total outstanding Mexican debt of about \$5 billion.

If the Bank of England did issue a special zero-coupon government bond, this might be able to provide the collateral for the sterling debt.

But bankers said that the central bank had yet to be convinced that the issue of sterling zero-coupon bonds was the only solution. They stressed that the bank had not closed the door completely to the idea.

British economists felt it would be most unlikely that the central bank would agree to issuing more government bonds at a time when it is buying back government bonds because of a budget surplus.

■ **DKB Unit Gets Funds**  
The Tokyo headquarters of Dai-ichi Kangyo Bank Ltd. transferred 1.3 billion yen (\$9 million) of profit to its wholly owned securities subsidiary in London to compensate for the subsidiary's losses due to the October 1987 stock market collapse.

according to a DKB spokesman. Reuters reported from Tokyo.

Fuji Bank Ltd. made a similar transaction with a London subsidiary, banking sources said. Fuji had no immediate comment.

DKB has paid an additional \$50 million yen in tax, as the authorities said special taxes involving transfers should have been applied, the DKB spokesman said.

The DKB move not only covered losses of the London unit, DKB International, but enabled the parent to pay less tax on the reduced profit it declared, banking sources said.

"We had no intention of tax evasion," the DKB spokesman said. He said that "we did not have full comprehension of the newly introduced tax system at the time of the emergency situation" after the crash.

As a means of transferring the profit, Dai-ichi Kangyo bought bonds from DKB International, or sold bonds to it cheaply and bought them back later at higher prices, Tokyo newspapers reported. The DKB spokesman confirmed that such transactions occurred.

# Spain Hit by Fall in Tourist Revenue

By Isabel Soto  
New York Times Service

MADRID — The thousands of vacationers lured this summer to the island of Mallorca by rock-bottom hotel prices have benefited from the slump in Spain's leading industry, tourism.

The low prices, less than \$20 a day for full board and lodging, were both a symptom and an aggravating element in the situation. Amid fears that rooms would remain empty, the hotels started a price war.

Although Spain is still the world's second-most-popular tourist destination after the United States, statistics show a pointed slowing of growth. Official figures released last week showed arrivals in July were down by 2.6 percent from July 1988. For the first seven months of the year, arrivals rose only 0.3 percent.

Last year, this measure of tourism increased 7 percent, to a record 54.1 million visitors in a country of 39 million people.

Tourism revenue confirms the gloomy outlook. Revenue was down by 6.3 percent in June. For the first half of 1989, revenue dropped 2.6 percent from the corresponding period a year earlier.

For the first time, tourism revenue will not be able to cover the yawning current-account deficit, which is expected to reach \$11 billion, or 3 percent of Spain's gross domestic product, in December.

Some experts say the stagnation that led to the price cutting in the industry has resulted in part because tourist officials have encouraged mass tourism since the days of the Franco dictatorship.

"Quantity was encouraged over quality, and this is the legacy we have received," said Mercedes Trujillo, head of Mallorca's Tourism Office.

This policy helped to transform the idyllic Spanish Mediterranean coast into an often nightmarish urban wall of big, unattractive hotels and apartment blocks, frequently with scant attention to environmental basics like clean beaches.

The building boom that has been a driving force in Spain's economy has increased the available accommodation in vacation apartments and hotels by 20 percent to 25 percent this year. But occupancy levels declined at the same rate.

Hotel operators say the situation was not helped by Spain's reputation for poor airports, roads and telecommunications, the rising crime rate and the strength of the peseta against foreign currencies.

Public officials suggest that radical changes are needed in the tourism industry, which represents about 9 percent of gross domestic product. The proposals include improving quality, especially at seaside resorts, and promoting the cities and the largely unknown interior regions.

Although relatively few in number, American tourists are important because they spend more for better accommodation. The number of Americans increased 31.4 percent in June and is up 6.4 percent for the first half of 1989.

Spain is looking forward to 1992 when the Olympic Games in Barcelona and a World's Fair in Sevilla will almost inevitably add to the influx. Madrid is being promoted as a European cultural capital. As a result, tourism experts believe Spain will attract 1.5 million additional visitors in 1992.

But some experts believe that Spaniards themselves may be the salvation of their own tourist industry. Since the end of the dictatorship in the mid-1970s, restrictions have been eliminated and Spaniards have begun to travel

more. This year, Spanish vacation spending has risen sharply.

Spain's economy, meanwhile, has flourished, with inflation reduced to single digits and growth at 4 percent to 5 percent annually, the European Community's highest rate. That has led Spain's regional and local governments to scramble to attract Spanish tourists.

"Spaniards discovered the rest of the world in the late 1970s," said a tourism analyst who declined to be named. "They are now discovering their own country. The economic impact may be greater even than international tourism."

# IACocca: 'I Have Slowed Down'

(Continued from first finance page)

letters less flashy, more understated," said Mr. Gale, pointing out a nameplate on a fiberglass model of a 1993 car.

"And I can still see him waving that cigar and telling me he can't read the car's name from across the room. But I see a difference from a few years ago. He listens more now."

Confirming Mr. Gale's assessment, Mr. Iacocca explained why, for example, he has fought his designers' preference to make the Chrysler New Yorker's shape more aerodynamic, in line with the latest fashion. He asserted that so-called

traditional customers, age 50 and older like himself, enjoyed the old-fashioned formal look.

"I've always loved the long hood and short deck," he said. "You can't let your car get too bulbous." In the old days at Ford, he said, "I'd grab a crowd" and show designers his ideas on full-size clay models of cars.

These days, however, "sometimes you have to trust the instincts of 25-year-old stylists," he said.

For example, Mr. Iacocca does not like Chrysler's latest interior designs or the newest radios "with buttons so hard to operate I can never find my channel."

With a new model coming off the assembly line and a new factory set to be opened officially in Hamburg next week, Montblanc's prospects are much brighter.

Said Shaun Lattin, a Dunhill marketing executive who oversees Montblanc sales in Britain: "We can't produce enough of the Meisterstück to meet demand. At the moment, we don't have a problem as far as leakage in our writing instruments is concerned."

# PENS: Montblanc's Cost-Cutting Sprang a Costly Leak

(Continued from first finance page)

feed. A new sealant for the part was also introduced.

Plants were retrofitted at considerable cost following the implementation of the plan two years ago.

"When we altered construction of the pen," which had been kept largely intact for years, "we didn't realize that it might cause problems," Mr. Cisar said.

Added another Montblanc official: "The target of all companies is to improve quality and incorporate the latest technology."

This executive, who did not want to be named, added: "Our intention was always to give state-of-the-art technology within a classic exterior design. The retrofitting and redesign program, he said, had "nothing to do with cost-cutting."

But, following a wave of customer complaints, the new program was found to have a tendency to develop fine cracks. The bigger problem was that the new sealant connecting the forearm and the ink tank failed to hold under certain climatic conditions.

One London-based retailer said, "We were getting Montblanc returns that were just a few days old. It was as if Rolle-Royce had put treadless tires on their cars."

Peter Woolf, another retailer, who runs the Pen Friend Ltd. store in London, the world's largest independent pen retailer, said, "They had a considerable technical problem. There appear to have been bad batches beginning two years ago and we've seen some as late as February this year."

"A lot of our clients were extremely angry about having to return pens with leakage problems. Having paid for a superior quality pen as the brochures claimed, they were unhappy to have had to go back for repairs."

"How," Mr. Woolf asked, "did it come about that these pens, which they have been making so successfully for so many years, have these problems? They never told us there was a problem, they only acknowledged it by agreeing to repair the pen."

Montblanc and Dunhill executives were put on alert because of the unusually high number of pens being returned. As soon as Montblanc realized the extent of the problem, Mr. Cisar said, the company moved to rectify the situation. It changed the sealant and, once again, retrofitted the Hamburg plant.

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